

NEW APPLICATION
ORIGINAL



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MAR 08 2004

ARIZONA CORP. COMM.
TUCSON, AZ AF

ARIZONA CORPORATION COMMISSION

APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY

WATER AND/OR SEWER

WS-04245A-04-0184

2004 MAY 10 A 10: 52

[illegible]

- A. The name, address and telephone number of the Applicant (Company) is:

Red Rock Utilities, LLC

2200 East River Road, Suite 115, Tucson, AZ 85718

520-577-0200

- B. If doing business (d.b.a.) under a name other than the Applicant (Company) name listed above, specify: **N/A**

- C. List the name, address and telephone number of the management contact:

Mark Weinberg

2200 East River Road, Suite 115, Tucson, AZ 85718

520-577-0200

- D. List the name, address and telephone number of the attorney for the Applicant:

Michael F. McNulty, Lewis and Roca, LLP

One South Church Avenue, Suite 700, Tucson, AZ 85701

520-629-4453

- E. List the name, address and telephone number of the operator certified by the Arizona Department of Environmental Quality:

Karen Hartwell

yL Technology, P.O. Box 390, Sahuarita, AZ 85629

520-625-1671

F. List the name, address and telephone number of the on-site manager of the utility:

Mark Weinberg

2200 East River Road, Suite 115, Tucson, AZ 85718

520-577-0200

G. The Applicant is a:

<input type="checkbox"/> Corporation <input type="checkbox"/> "C", <input type="checkbox"/> "S", <input type="checkbox"/> Non Profit <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign	<input type="checkbox"/> Partnership <input type="checkbox"/> Limited, <input type="checkbox"/> General <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign
<input type="checkbox"/> Sole Proprietorship	<input checked="" type="checkbox"/> Limited Liability Company (LLC)
<input type="checkbox"/> Other (Specify)	

H. If Applicant is a corporation: N/A

1. List names of Officers and Directors:

Officers

Directors

2. Attach a copy of the corporation's "Certificate of Good Standing" issued by the Corporation's Division of the Arizona Corporation Commission.
3. Attach a copy of the Articles of Incorporation.
4. Attach a copy of the corporation's By-Laws.
5. If a for-profit corporation, indicate the number of shares of stock authorized for issue:

6. If stock has been issued, indicate the number of shares issued and date of issue:

I. If the Applicant is a partnership: N/A

1. List the names of the general partners:

2. List the name, address and telephone number of the managing partners:

3. Attach a copy of the Partnership's Articles of Partnership.

- If the Applicant is a foreign limited partnership, provide a copy of the Partnership's "Certificate of Registration" filed with the Arizona Secretary of State.

J. If the Applicant is a sole proprietor, list the name, address and telephone number of the proprietor: N/A

K. If the Applicant is a Limited Liability Company:

1. List the names of managers:

Diamond Ventures, Inc., sole member _____

- L. List the names and addresses of any other public utility interest, which the applicant may have:

Donald R. Diamond, a majority shareholder in Diamond Ventures, Inc., is also

a majority shareholder of Spanish Trail Water Company and Saguaro Water

Company, 2200 E. River Rd. Ste. 115, Tucson, AZ 85718

- M. Attach a description of the area requested using CADASTRAL (quarter section description) or Metes and Bounds survey. References to parcels and docket numbers will not be accepted.

Legal Description of Water CC&N Area - See Exhibit A, attached

Legal Description of Wastewater CC&N Area - See Exhibit B, attached

- N. Attach a detailed map using the form provided as Attachment "B". Shade and outline the area requested. Also, indicate any other utility within the general area using different colors.

Map of Water CC&N Area - See Exhibit C, attached

Map of Wastewater CC&N Area - See Exhibit D, attached

- O. Attach financial information in a format similar to Attachment "C".

Water Financial Information - See Exhibit E, attached

Wastewater Financial Information - See Exhibit F, attached

- P. Explain the method of financing utility facilities. Refer to the instructions, item no. 7. (Use additional sheets if necessary): **See Exhibits E and F, attached**

Water Financing: Advances in Aid of Construction - 33.045% (See Exhibit E)

Contributions in Aid of Construction - 32.397% (See Exhibit E)

Equity financing - 34.556% (See Exhibit E)

Wastewater Financing: Equity financing (See Exhibit F)

- Q. Estimated starting and completion dates of construction of utility facilities:

Starting date November 1, 2004 Completion June 1, 2005

- R. Attach proposed Tariffs using either the water or sewer format of Attachment "D", unless the Utilities Division, prior to the filing of this application, approves another form.

Water Tariffs - See Exhibit G, attached

Wastewater Tariffs - See Exhibit H, attached

S. Attach the following permits:

1. The franchise from either the City or County for the area requested.
Water Franchise - See Exhibit I, attached
Wastewater Franchise - See Exhibit J, attached
2. The Arizona Department of Environmental Quality (or its designee's) approval to construct facilities. **To be late filed, within one year of issuance of Conditional Decision and Order**
3. The Arizona State Land Department approval. (If you are including any State land in your requested area this approval is needed.) **N/A**
4. Any U.S. Forest Service approval. (If you are including any U.S. Forest Service land in your requested area this approval is needed.) **N/A**
5. **(WATER ONLY)** If the area requested is within an Active Management Area, attach a copy of the utility's Designation of an Assured Water Supply, or the developer's Certificate of Assured Water Supply issued by the Arizona Department of Water Resources, whichever applies. **To be late filed, within one year of issuance of Conditional Decision and Order.**
 - If the area requested is outside an Active Management Area, attach the developer's Adequacy Statement issued by the Arizona Department of Water Resources, if applied for by the developer.
 - If the area requested is outside an Active Management Area and the developer does not obtain an Adequacy Statement, provide sufficient detail to prove that adequate water exists to provide water to the area requested.
6. Provide a copy of your estimated property taxes. This may be obtained by contacting the Arizona Department of Revenue, Division of Property Valuation and Equalization. You must provide them with a five (5) year projection of the original cost of the plant, depreciation expense, the location of the property and the school district.
Water Property Taxes - See Exhibit K, attached
Wastewater Property Taxes - See Exhibit L, attached

T. Provide the following information:

1. Indicate the estimated number of customers, by class, to be served in each of the first five years of operation:
Water Customers - See Exhibit M, attached
Wastewater Customers - See Exhibit N, attached

Residential:

First Year ____ Second Year ____ Third Year ____ Fourth Year ____

Fifth Year ____

Commercial:

First Year ____ Second Year ____ Third Year ____ Fourth Year ____

Fifth Year ____

Industrial:

First Year ____ Second Year ____ Third Year ____ Fourth Year ____

Fifth Year ____

Irrigation:

First Year ____ Second Year ____ Third Year ____ Fourth Year ____

Fifth Year ____

2. Indicate the projected annual water consumption or sewerage treatment, in gallons, for each of the customer classes for each of the first five years of operation:

Water Consumption – See Exhibit M, attached

Wastewater Consumption – See Exhibit N, attached

Residential:

First Year ____ Second Year ____ Third Year ____ Fourth Year ____

Fifth Year ____

Commercial:

First Year ____ Second Year ____ Third Year ____ Fourth Year ____

Fifth Year ____

Industrial:

First Year ____ Second Year ____ Third Year ____ Fourth Year ____

Fifth Year ____

Irrigation:

First Year ____ Second Year ____ Third Year ____ Fourth Year ____

Fifth Year ____

3. Indicate the total estimated annual operating revenue for each of the first five years of operation:

Water Revenue – See Exhibit M, attached

Wastewater Revenue – See Exhibit N, attached

Residential:

First Year ____ Second Year ____ Third Year ____ Fourth Year ____

Fifth Year ____

Commercial:

First Year ____ Second Year ____ Third Year ____ Fourth Year ____

Fifth Year ____

Industrial:

First Year ____ Second Year ____ Third Year ____ Fourth Year ____

Fifth Year ____

Irrigation:

First Year ____ Second Year ____ Third Year ____ Fourth Year ____

Fifth Year ____

4. Indicate the total estimated annual operating expenses for each of the first five years of operation:

Water Expenses – See Exhibit E schedule 2, attached

Wastewater Expenses– See Exhibit F schedule 2, attached

Residential:

First Year ____ Second Year ____ Third Year ____ Fourth Year ____

Fifth Year ____

Commercial:

First Year ____ Second Year ____ Third Year ____ Fourth Year ____

Fifth Year _____

Industrial:

First Year _____ Second Year _____ Third Year _____ Fourth Year _____

Fifth Year _____

Irrigation:

First Year _____ Second Year _____ Third Year _____ Fourth Year _____

Fifth Year _____

5. Attach an itemized list of the major components of the water or sewer system (see Attachment C-3).

Water Plant – See Exhibit O, attached

Wastewater Plant – See Exhibit P, attached

6. Indicate the total estimated cost to construct utility facilities:

Water: \$3,804,362;

Wastewater: \$514,155

Keri B. Silvyn
(Signature of Authorized Representative)

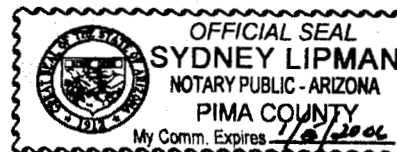
Keri B. Silvyn
(Type or Print Name Here)

Attorney
(Title)

SUBSCRIBED AND SWORN to before me this 8th day of March, 2004.

Sydney Lipman
NOTARY PUBLIC

My Commission Expires: 1/2/2006





Revised February 19, 2003
October 28, 2002
Revised February 14, 2003
WLB No. 100050-a001-1002
W:\LEGALS\100050\CC&N Area.doc

**LEGAL DESCRIPTION
RED ROCK UTILITIES L.L.C.
CC&N AREA**

The Southwest Quarter of Section 4, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona, except any portion lying with the right-of-ways of Interstate 10 and the Union Pacific Railroad.

The Southeast Quarter of Section 5, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona, except any portion lying with the right-of-way of Interstate 10 and further excepting the following described parcel:

Beginning at the Southeast corner of said Section 5;

Thence N 00° 00' 00" W, along the east line of said Section 5, a distance of 915.43 feet to the TRUE POINT OF BEGINNING;

Thence S 88° 59' 51" W, a distance of 182.65 feet;

Thence N 06° 07' 46" W, a distance of 440.59 feet;

Thence N 00° 38' 48" E, a distance of 60.00 feet;

Thence N 89° 21' 12" W, a distance of 46.00 feet;

Thence N 01° 50' 17" W, a distance of 133.96 feet;

Thence N 81° 12' 46" E, a distance of 282.60 feet to a point on said east line;

Thence S 00° 00' 00" E, along said east line a distance of 672.45 feet to the TRUE POINT OF BEGINNING.

All of Section 8, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona, except the South One-Half of the Southwest Quarter thereof.



Revised February 19, 2003
October 28, 2002
Revised February 14, 2003
WLB No. 100050-a001-1002
W:\LEGALS\100050\CC&N Area.doc

All of Section 9, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona, except any portion lying with the right-of-ways of Interstate 10 and the Union Pacific Railroad EXCEPT the following described parcel:

COMMENCING at the Southeast corner of the Southeast quarter of said Section 9;
THENCE North 89° 56' 53" West along the South line of said Southeast quarter a distance of 58.87 feet to a point on the West right of way line of Interstate 10 and the POINT OF BEGINNING;

THENCE continue North 89° 56' 53" West, along said South line, a distance of 1,700.25 feet to the East line of an El Paso natural gas easement;

THENCE North 37°51;09" West along said East line a distance of 1,365.93 feet;

THENCE North 54°47;04" East a distance of 1,444.28 feet to said West right of way line;

THENCE South 35°22;56" East along said right of way line a distance of 856.29 feet;

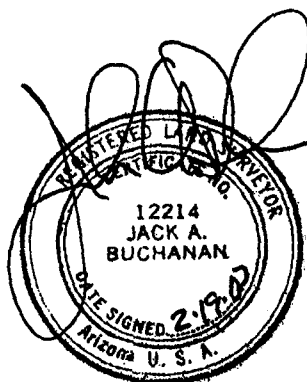
THENCE South 35°22"45" East along said West right of way line a distance of 1,494.12 feet to the POINT OF BEGINNING.

The West one half of the Southwest quarter of Section 10, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona, lying Easterly of the East right-of-way line of the Union Pacific Railroad.

Prepared By:

THE WLB GROUP, INC.

Jack A. Buchanan
JAB:teg





October 31, 2003
WLB No. 100050-a001-1002
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**LEGAL DESCRIPTION
RED ROCK UTILITIES L.L.C.
C.C. & N. AREA**

The Southwest Quarter of Section 4, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

The Southeast Quarter of Section 5, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

All of Section 8, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona, except the South One-Half of the Southwest Quarter thereof.

All of Section 9, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

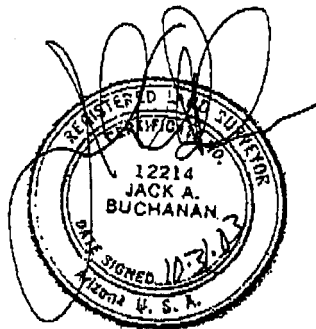
The west one-half of the Southwest Quarter (SW ¼) of Section 10, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

See ATTACHMENT "B" for reference.

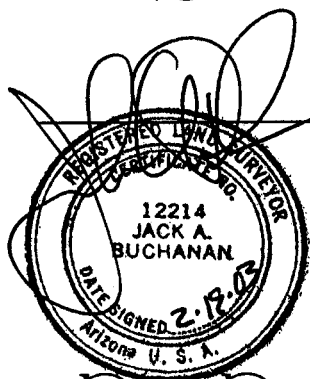
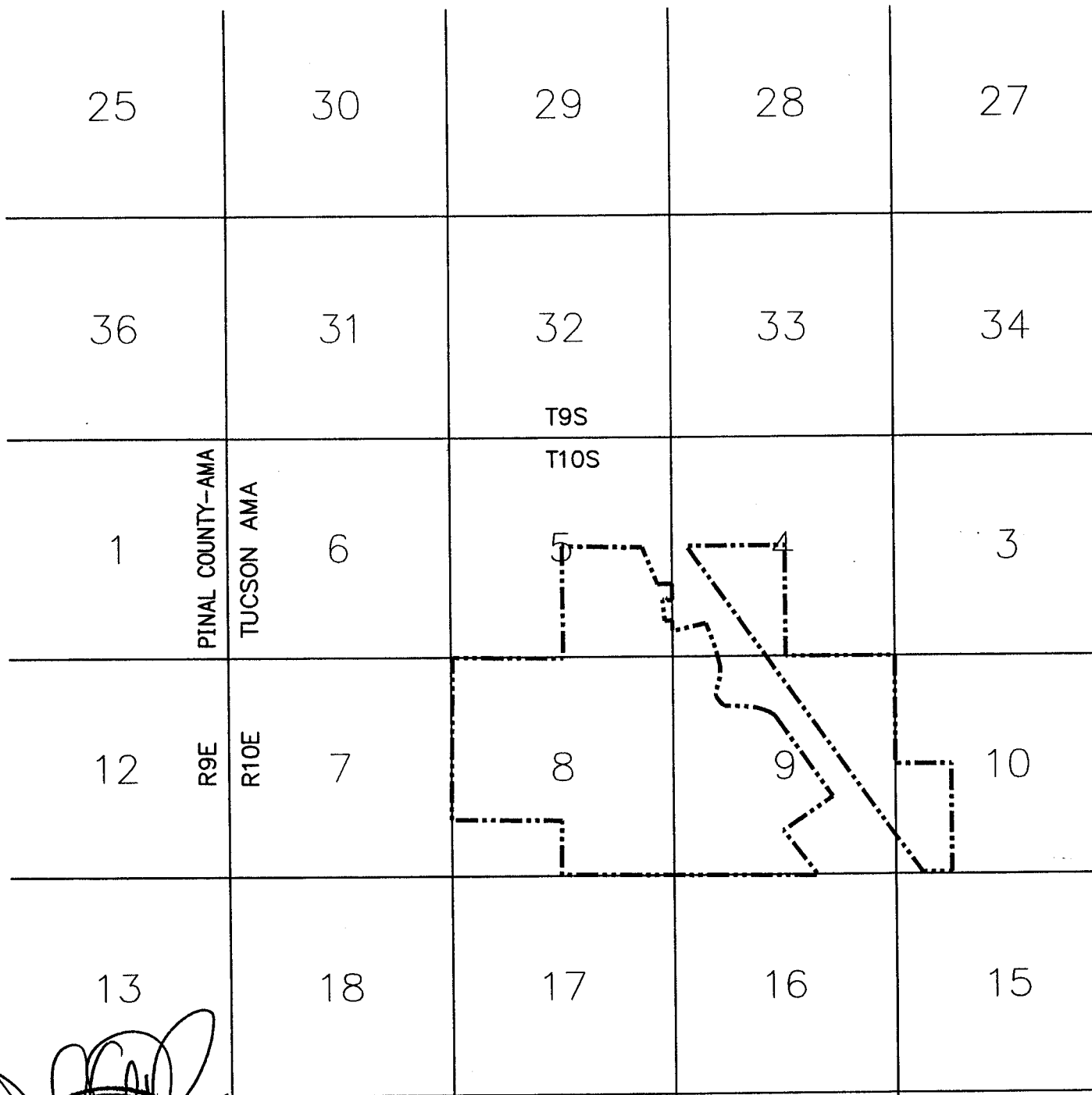
Prepared By:

THE WLB GROUP, INC.

Jack A. Buchanan
JAB:



C



RED ROCK VILLAGE
Requested CC & N Area



Red Rock Utilities LLC,
Requested CC & N Area

Not to Scale

The
WLB
Group

WLB



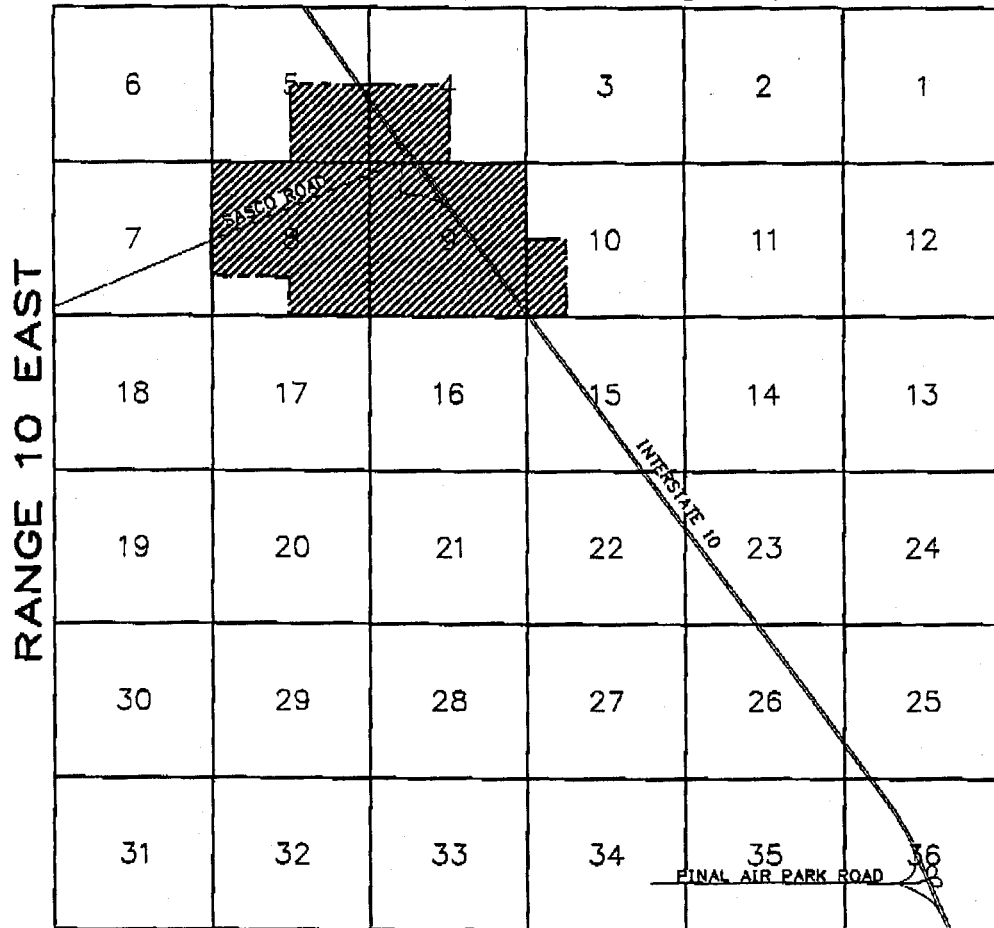
WLB No. 100050-B-001

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ATTACHMENT "B"

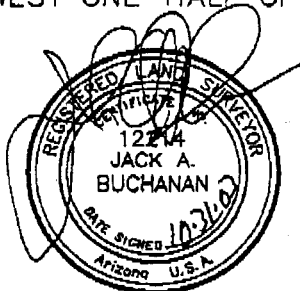
PINAL
COUNTY4,5,8,9,10
SECTION10 SOUTH
TOWNSHIP10 EAST
RANGE


TOWNSHIP 10 SOUTH



Legal Description:

SOUTHWEST QUARTER SECTION 4,
SOUTHEAST QUARTER SECTION 5,
ALL OF SECTION 8 EXCEPT THE SOUTH ONE HALF OF THE SOUTHWEST QUARTER,
ALL OF SECTION 9,
WEST ONE-HALF OF THE SOUTHWEST QUARTER OF SECTION 10

*was hunter*

 Red Rock Utilities LLC,
Requested CC & N
Area

Red Rock Utilities, Inc. - Water Division
Projected Balance Sheets
For the Years Ended

Exhibit 1
Schedule 1

Line No.		Beginning of Year	Label	1st year Changes	1	2	3	4	5
3	Assets								
5	Utility Plant	-	(a)	1,778,990	1,778,990	2,201,948	2,738,922	3,263,402	3,804,362
6	Accumulated Depreciation	-	(b)	(39,732)	(39,732)	(126,952)	(231,705)	(356,239)	(500,947)
8	Cash	25,000		20,856	45,856	108,799	209,079	329,308	458,176
11	Total Assets	<u>\$ 25,000</u>		<u>\$ 1,760,114</u>	<u>\$ 1,785,114</u>	<u>\$ 2,183,795</u>	<u>\$ 2,716,296</u>	<u>\$ 3,236,471</u>	<u>\$ 3,761,592</u>
13	Equity and Liabilities								
15	Equity								
17	Common Stock, Net of	25,000	(d)	1,293,343	1,318,343	1,318,343	1,328,524	1,328,524	1,328,524
19	Retained Earnings		(e)	(13,661)	(13,661)	151	69,229	168,121	297,434
20	Total Equity	<u>\$ 25,000</u>		<u>\$ 1,279,682</u>	<u>\$ 1,304,682</u>	<u>\$ 1,318,494</u>	<u>\$ 1,397,753</u>	<u>\$ 1,496,646</u>	<u>\$ 1,625,958</u>
22	Liabilities & Deferred Credits								
23	Advances in Aid of Construction		(f)	159,247	159,247	276,933	420,039	523,654	622,968
24	Contributions in Aid of Construction		(g)	233,500	233,500	445,000	698,500	972,000	1,245,500
26	Less: Amortization		(h)	(5,215)	(5,215)	(22,842)	(49,556)	(86,649)	(134,024)
27	Customer Deposits		(i)	-	-	-	-	-	-
28	Refundable Meter Deposits		(j)	92,900	92,900	166,210	249,560	330,820	401,190
29	Long-Term Debt			-	-	-	-	-	-
31	Total Liabilities and								
32	Deferred Credits	-		480,432	480,432	865,301	1,318,543	1,739,826	2,135,633
35	Total Equity & Liab.	<u>\$ 25,000</u>		<u>\$ 1,760,114</u>	<u>\$ 1,785,114</u>	<u>\$ 2,183,795</u>	<u>\$ 2,716,296</u>	<u>\$ 3,236,471</u>	<u>\$ 3,761,592</u>

(a) Plant Additions (See Schedule 1a)

(b) Depreciation Computations (See Schedule 1a)

(c) Change in cash (Please Schedule 3)

(d) Common Stock issuance and or repurchase. (See Schedule 1b)

(e) Profit or loss from operations (See Schedule 2)

(f) Advances in Aid of Construction (See Schedule 1c)

(g) Contributions in Aid of Construction (See Schedule 1e)

(h) Amortization of Contributions in Aid of Construction, if applicable (See Schedule 1e)

(i) Security deposits (2 times average bill)

(j) Unrefunded meter deposits (See Schedule 1d)

Red Rock Utilities, Inc. - Water Division
Projected Capital Financing
Projected Years Ended

Exhibit
Schedule 1b

Line
No.

	Year							
	0	1	2	3	4	5	Totals	
Plant to be Constructed	\$ -	\$ 1,778,990	\$ 422,958	\$ 536,974	\$ 524,480	\$ 540,960	\$ 3,804,362	
Financing:								
Hydrants and Distrib. Lines Advanced		\$ 159,247	\$ 133,610	\$ 172,393	\$ 150,140	\$ 160,852	\$ 776,242	
Plant Installed with Customer Deposits (Advances)		92,900	82,600	100,900	108,900	108,900	494,200	
Contributions-in-aid of construction		233,500	211,500	253,500	273,500	273,500	1,245,500	
Common Equity Issued for Plant Construction	-	1,293,343	-	10,181	-	-	1,303,524	
Common Equity Issued For Working Capital	25,000	-	-	-	-	-	25,000	
Debt Financing Issued for Plant Construction								
Internal Cash Used for Plant Additions					-	-		
Total Financing	\$ 25,000	\$ 1,778,990	\$ 427,710	\$ 536,974	\$ 532,540	\$ 543,252	\$ 3,844,466	

Red Rock Utilities, Inc. - Water Division
Schedule of Developer Advances and Refunds
Projected Years

Exhibit
Schedule 1c

Line
No.

		Year					
		<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
5	<u>Developer Advances Collected</u>						
6	Developer Advances - Trans & Dist.	\$ -	\$ 140,798	\$ 117,211	\$ 151,893	\$ 131,691	\$ 142,403
7	Developer Advances - Hydrants	-	18,449	16,399	20,499	18,449	18,449
10	Total Collected	\$ -	\$ 159,247	\$ 133,610	\$ 172,393	\$ 150,140	\$ 160,852
12	Cummulative Collected	\$ -	\$ 159,247	\$ 292,857	\$ 465,250	\$ 615,390	\$ 776,242
15	<u>Developer Advances Refunded (a)</u>						
16	Advances from Year 1			15,925	15,925	15,925	15,925
17	Advances from Year 2				13,361	13,361	13,361
18	Advances from Year 3					17,239	17,239
19	Advances from Year 4						15,014
20	Advances from Year 5 to 10						
21	Total Refunds	\$ -	\$ -	\$ 15,925	\$ 29,286	\$ 46,525	\$ 61,539
23	Cummulative Refunds	\$ -	\$ -	\$ 15,925	\$ 45,210	\$ 91,735	\$ 153,274
25	Cummulative Balance	\$ -	\$ 159,247	\$ 276,933	\$ 420,039	\$ 523,654	\$ 622,968
28	(a) Refund Rate per Year	10% based on original advance received.					

Red Rock Utilities, Inc. - Water Division
Schedule of Meter Deposits and Refunds
Projected Years

Exhibit
Schedule 1d

Line
No.

1
2
3
4
5
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7
8
9
10
11
12
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14
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16
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27
28
29
30

		Year									
		<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>				
		\$	92,000	\$	80,000	\$	100,000	\$	108,000	\$	108,000
			900		900		900		900		900
			-		1,700		-		-		-
<hr/>											
\$	-	\$	92,900	\$	82,600	\$	100,900	\$	108,900	\$	108,900
<hr/>											
\$	-	\$	92,900	\$	175,500	\$	276,400	\$	385,300	\$	494,200
<hr/>											
<u>unded (a)</u>											
					9,290		9,290		9,290		9,290
							8,260		8,260		8,260
									10,090		10,090
											10,890
<hr/>											
\$	-	\$	-	\$	9,290	\$	17,550	\$	27,640	\$	38,530
<hr/>											
\$	-	\$	-	\$	9,290	\$	26,840	\$	54,480	\$	93,010
<hr/>											
\$	-	\$	92,900	\$	166,210	\$	249,560	\$	330,820	\$	401,190

(a) Refund Rate per Year 10%

Red Rock Utilities, Inc. - Water Division
Loan #

Exhibit

Line
No.

1	Principle		\$	-				
2	No. of Months			0				
3	Annual Interest Rate			0.00%				
4	Monthly Payment		\$	-				
5								
6	<u>Pay No.</u>	<u>Principle</u>		<u>Interest</u>		<u>Payment</u>	<u>Balance</u>	
7	1	\$	-	\$	-	\$0.00	\$	-
8	2		-		-	-		-
9	3		-		-	-		-
10	4		-		-	-		-
11	5		-		-	-		-
12	6		-		-	-		-
13	7		-		-	-		-
14	8		-		-	-		-
15	9		-		-	-		-
16	10		-		-	-		-
17	11		-		-	-		-
18	12		-		-	-		-
19	13		-		-	-		-
20	14		-		-	-		-
21	15		-		-	-		-
22	16		-		-	-		-
23	17		-		-	-		-
24	18		-		-	-		-
25	19		-		-	-		-
26	20		-		-	-		-
27	21		-		-	-		-
28	22		-		-	-		-
29	23		-		-	-		-
30	24		-		-	-		-
31	25		-		-	-		-
32	26		-		-	-		-
33	27		-		-	-		-
34	28		-		-	-		-
35	29		-		-	-		-
36	30		-		-	-		-
37	31		-		-	-		-
38	32		-		-	-		-
39	33		-		-	-		-
40	34		-		-	-		-
41	35		-		-	-		-
42	36		-		-	-		-
43	37		-		-	-		-
44	38		-		-	-		-

45	39	-	-	-	-
46	40	-	-	-	-
47	41	-	-	-	-
48	42	-	-	-	-
49	43	-	-	-	-
50	44	-	-	-	-
51	45	-	-	-	-
52	46	-	-	-	-
53	47	-	-	-	-
54	48	-	-	-	-
55	49	-	-	-	-
56	50	-	-	-	-
57	51	-	-	-	-
58	52	-	-	-	-
59	53	-	-	-	-
60	54	-	-	-	-
61	55	-	-	-	-
62	56	-	-	-	-
63	57	-	-	-	-
64	58	-	-	-	-
65	59	-	-	-	-
66	60	-	-	-	-
67	61	-	-	-	-
68	62	-	-	-	-
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243	237	-	-	-	-
244	238	-	-	-	-
245	239	-	-	-	-
246	240	-	-	-	-
247	241	-	-	-	-

Red Rock Utilities, Inc. - Water Division
Schedule of Contributions-in-Aid of Construction
Projected Years

Exhibit
Schedule 1e

Line
No.

	Year						
	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	
<u>Contributions(Hook-up Fees)</u>							
Residential	\$ -	\$ 230,000	\$ 200,000	\$ 250,000	\$ 270,000	\$ 270,000	
Commercial		3,500	3,500	3,500	3,500	3,500	
School		-	8,000	-	-	-	
Total Collected	\$ -	\$ 233,500	\$ 211,500	\$ 253,500	\$ 273,500	\$ 273,500	
Cummulative Collected	\$ -	\$ 233,500	\$ 445,000	\$ 698,500	\$ 972,000	\$ 1,245,500	
<u>Amortization</u>							
Composite Rate (1/2 Yr Conv.)	0.00%	2.23%	3.96%	3.82%	3.82%	3.80%	
Amortization	\$ -	\$ 5,215	\$ 17,627	\$ 26,715	\$ 37,092	\$ 47,376	
Cummulative Amortization	\$ -	\$ 5,215	\$ 22,842	\$ 49,556	\$ 86,649	\$ 134,024	
Cummulative Balance	\$ -	\$ 228,285	\$ 422,158	\$ 648,944	\$ 885,351	\$ 1,111,476	

(a) Hook-up fees

Red Rock Utilities, Inc. - Water Division
Projected Statements of Income
For the 12 Months Ended

Exhibit
Schedule 2

Line
No.

		Year				
		<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
		\$ 75,236	\$ 223,830	\$ 389,351	\$ 533,316	\$ 682,204
Total estimated Revenues						
Variable Expenses						
Pumping Power:	0.95 per 1,000 gals	11,833	41,148	69,688	92,671	116,519
Per 1,000 gallons						
Repairs & Maint.(a)(b)	4.00 /month/customer	5,616	16,176	27,168	39,744	52,800
Insurance (a)(b)	1.35 /month/customer	1,895	5,459	9,169	13,414	17,820
Water Treatment & Testing (b)(d)	5.00 /month/customer	1,170	3,370	5,660	8,280	11,000
Billing, Postage, Operations (a)(b)	12.00 /month/customer	16,848	48,528	81,504	119,232	158,400
Total Variable Expenses		\$ 37,363	\$ 114,682	\$ 193,189	\$ 273,340	\$ 356,539
Other Expenses						
Depreciation net of Amortization of CIAC from schedules 1a & 1e		34,517	69,593	78,038	87,442	97,333
Office (b)	\$ 5,000	5,000	5,150	5,305	5,464	5,628
Legal & Accounting (b)	\$ 10,000	10,000	10,300	10,609	10,927	11,255
Miscellaneous Expenses (b) (e)	\$ 3,600	3,600	3,708	3,819	3,934	4,052
Income Taxes		(3,615)	3,655	24,290	45,856	69,042
Property Taxes (f)		2,408	3,993	7,343	12,229	17,119
Total Other Expense		\$ 51,910	\$ 96,399	\$ 129,404	\$ 165,852	\$ 204,427
Total Operating Expenses		\$ 89,272.47	\$ 211,080.43	\$ 322,593.26	\$ 439,192.12	\$ 560,966.78
Operating income (loss)		\$ (14,036)	\$ 12,749	\$ 66,758	\$ 94,124	\$ 121,237
Less:						
Interest (Expense)Income on Work. Cap. (c)		375	1,063	2,320	4,768	8,076
Interest Expense Long-term Debt (c)		-	-	-	-	-
Net Income		\$ (13,661)	\$ 13,812	\$ 69,078	\$ 98,892	\$ 129,313

- (a) Per customer per month
(b) Annual Inflation of: 3.00%
(c) If Applicable
(d) ADEQ Testing at \$5.00 semi-annually per customer
(e) Miscellaneous Expenses of \$300 per month
(f) See Property Tax Calculation

Red Rock Utilities, Inc. - Water Division
Projected Cash Flows
For the Years Ended

Exhibit
Schedule 3

Line
No.

	Year					
	0	1	2	3	4	5
Cash from Operations						
Beginning Cash Balance	\$ -	\$ 25,000	\$ 45,856	\$ 108,799	\$ 209,079	\$ 329,308
Income from Operations		(13,661)	13,812	69,078	98,892	129,313
Add Depreciation expense		34,517	69,593	78,038	87,442	97,333
Total Cash From Operations	\$ -	\$ 20,856	\$ 83,405	\$ 147,116	\$ 186,334	\$ 226,645
Cash from Financing						
Deposits (security) collected	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long-Term Debt	-	-	-	-	-	-
Common Equity	25,000	1,293,343	-	10,181	-	-
Advances in Aid of Const.	-	159,247	133,610	172,393	150,140	160,852
Contribution in Aid of Const.	-	233,500	211,500	253,500	273,500	273,500
Meter Deposits Collected	-	92,900	82,600	100,900	108,900	108,900
Total Cash from Financing	\$ 25,000	\$ 1,778,990	\$ 427,710	\$ 536,974	\$ 532,540	\$ 543,252
Uses of Cash:						
Long-term debt Repayment	\$ -	\$ -	\$ 15,925	\$ 29,286	\$ 46,525	\$ 61,539
Advances Refunded	-	-	9,290	17,550	27,640	38,530
Meter Deposit Refunded	-	-	-	-	-	-
Deposit (Security) refunded	-	-	-	-	-	-
Capital Improvements - Plant	-	1,778,990	422,958	536,974	524,480	540,960
Total Cash Uses	\$ -	\$ 1,778,990	\$ 448,173	\$ 583,810	\$ 598,645	\$ 641,029
Ending Cash Balance	\$ 25,000	\$ 45,856	\$ 108,799	\$ 209,079	\$ 329,308	\$ 458,176
Interest Income: Assuming Earning Equal to Inflation Factor on Average Cash Balance						
Average Cash Balance	\$ 12,500	\$ 35,428	\$ 77,328	\$ 158,939	\$ 269,193	\$ 393,742
Interest Earned	\$ 375	\$ 1,063	\$ 2,320	\$ 4,768	\$ 8,076	\$ 11,812

Red Rock Utilities, Inc. - Wastewater Division
Projected Balance Sheets
For the Years Ended

Exhibit 1
Schedule 1

Line No.			Beginning of Year	Label	1st year Changes	Year				
						1	2	3	4	5
1	Assets									
2										
3										
4										
5	Utility Plant	- (a)	5,013,101		5,013,101	5,358,800	5,933,216	15,128,480	15,642,635	
6	Accumulated Depreciation	- (b)	(33,161)		(33,161)	(143,803)	(314,373)	(463,450)	(723,069)	
7	Cash		25,000		17,307	42,307	309,903	655,220	10,635	448,841
8										
9										
10										
11	Total Assets		<u>\$ 25,000</u>		<u>\$ 4,997,247</u>	<u>\$ 5,022,247</u>	<u>\$ 5,524,901</u>	<u>\$ 6,274,063</u>	<u>\$ 14,675,665</u>	<u>\$ 15,368,406</u>
12										
13	Equity and Liabilities									
14										
15	Equity									
16										
17	Common Stock, Net of	25,000 (d)	4,215,996		4,240,996	4,240,996	4,240,996	11,804,552	11,804,552	
18										
19	Retained Earnings	(e)	(12,765)		(12,765)	(26,124)	(19,141)	36,082	84,737	
20	Total Equity		<u>\$ 25,000</u>		<u>\$ 4,203,231</u>	<u>\$ 4,228,231</u>	<u>\$ 4,214,872</u>	<u>\$ 4,221,855</u>	<u>\$ 11,840,634</u>	<u>\$ 11,889,288</u>
21										
22	Liabilities & Deferred Credits									
23	Advances in Aid of Construction	(f)	330,105		330,105	441,494	716,834	971,813	1,110,244	
24	Contributions in Aid of									
25	Construction	(g)	467,000		467,000	890,000	1,397,000	1,944,000	2,491,000	
26	Less: Amortization	(h)	(3,089)		(3,089)	(21,465)	(61,626)	(80,783)	(122,125)	
27	Customer Deposits	(i)	-		-					
28										
29	Long-Term Debt									
30										
31	Total Liabilities and									
32	Deferred Credits		-		794,016	794,016	1,310,029	2,052,208	2,835,031	3,479,118
33										
34										
35	Total Equity & Liab.		<u>\$ 25,000</u>		<u>\$ 4,997,247</u>	<u>\$ 5,022,247</u>	<u>\$ 5,524,901</u>	<u>\$ 6,274,063</u>	<u>\$ 14,675,665</u>	<u>\$ 15,368,406</u>

(a) Plant Additions (See Schedule 1a)

(b) Depreciation Computations (See Schedule 1a)

(c) Change in cash (Please Schedule 3)

(d) Common Stock issuance and or repurchase. (See Schedule 1b)

(e) Profit or loss from operations (See Schedule 2)

(f) Advances in Aid of Construction (See Schedule 1c)

(g) Contributions in Aid of Construction (See Schedule 1e)

(h) Amortization of Contributions in Aid of Construction, if applicable (See Schedule 1e)

(i) Security deposits (2 times average bill)

Red Rock Utilities, Inc. - Wastewater Division
Projected Capital Financing
Projected Years Ended

Exhibit
Schedule 1b

Line
No.

	Year					
	0	1	2	3	4	5
Plant to be Constructed	\$ -	\$ 5,013,101	\$ 345,699	\$ 574,416	\$ 9,195,264	\$ 514,155
Financing:						
Sewer Lines Advanced		\$ 330,105	\$ 144,399	\$ 322,791	\$ 334,708	\$ 242,400
Plant Installed with Customer Deposits (Advances)		-	-	-	-	-
Contributions-in-aid of Construction (Hook-up Fees)		467,000	423,000	507,000	547,000	547,000
Common Equity Issued for Plant Construction	-	4,215,996	-	-	7,563,556	-
Common Equity Issued For Working Capital	25,000	-	-	-	-	-
Debt Financing Issued for Plant Construction						
Internal Cash Used for Plant Additions				-	750,000	-
Total Financing	\$ 25,000	\$ 5,013,101	\$ 567,399	\$ 829,791	\$ 9,195,264	\$ 789,400

Red Rock Utilities, Inc. - Wastewater Division
Schedule of Developer Advances and Refunds
Projected Years

Exhibit
Schedule 1c

Line

No.

1

2

3

4

5

6

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10

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31

		Year					
		0	1	2	3	4	5
<u>Developer Advances Collected</u>							
Internal Parcel Infrastructure		\$ -	\$ 330,105	\$ 144,399	\$ 322,791	\$ 334,708	\$ 242,400
Total Collected		\$ -	\$ 330,105	\$ 144,399	\$ 322,791	\$ 334,708	\$ 242,400
Cummulative Collected		\$ -	\$ 330,105	\$ 474,504	\$ 797,295	\$ 1,132,004	\$ 1,374,404
<u>Developer Advances Refunded (a)</u>							
Advances from Year	1			33,011	33,011	33,011	33,011
Advances from Year	2				14,440	14,440	14,440
Advances from Year	3					32,279	32,279
Advances from Year	4						24,240
Advances from Year	5						
Total Refunds		\$ -	\$ -	\$ 33,011	\$ 47,450	\$ 79,730	\$ 103,970
Cummulative Refunds		\$ -	\$ -	\$ 33,011	\$ 80,461	\$ 160,190	\$ 264,160
Cummulative Balance		\$ -	\$ 330,105	\$ 441,494	\$ 716,834	\$ 971,813	\$ 1,110,244

(a) Refund Rate per Year 10% based on original advance received.

Red Rock Utilities, Inc. - Wastewater Division
Loan #

Exhibit

Line
No.

1	Principle		\$	-				
2	No. of Months				0			
3	Annual Interest Rate				0.00%			
4	Monthly Payment		\$	-				
5								
6	<u>Pay No.</u>		<u>Principle</u>		<u>Interest</u>		<u>Payment</u>	<u>Balance</u>
7	1	\$	-	\$	-	\$0.00	\$	-
8	2		-		-	-		-
9	3		-		-	-		-
10	4		-		-	-		-
11	5		-		-	-		-
12	6		-		-	-		-
13	7		-		-	-		-
14	8		-		-	-		-
15	9		-		-	-		-
16	10		-		-	-		-
17	11		-		-	-		-
18	12		-		-	-		-
19	13		-		-	-		-
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22	16		-		-	-		-
23	17		-		-	-		-
24	18		-		-	-		-
25	19		-		-	-		-
26	20		-		-	-		-
27	21		-		-	-		-
28	22		-		-	-		-
29	23		-		-	-		-
30	24		-		-	-		-
31	25		-		-	-		-
32	26		-		-	-		-
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34	28		-		-	-		-
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36	30		-		-	-		-
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38	32		-		-	-		-
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128	122	-	-	-	-
129	123	-	-	-	-
130	124	-	-	-	-
131	125	-	-	-	-
132	126	-	-	-	-
133	127	-	-	-	-
134	128	-	-	-	-
135	129	-	-	-	-
136	130	-	-	-	-
137	131	-	-	-	-
138	132	-	-	-	-
139	133	-	-	-	-
140	134	-	-	-	-
141	135	-	-	-	-
142	136	-	-	-	-
143	137	-	-	-	-
144	138	-	-	-	-
145	139	-	-	-	-

146	140	-	-	-	-
147	141	-	-	-	-
148	142	-	-	-	-
149	143	-	-	-	-
150	144	-	-	-	-
151	145	-	-	-	-
152	146	-	-	-	-
153	147	-	-	-	-
154	148	-	-	-	-
155	149	-	-	-	-
156	150	-	-	-	-
157	151	-	-	-	-
158	152	-	-	-	-
159	153	-	-	-	-
160	154	-	-	-	-
161	155	-	-	-	-
162	156	-	-	-	-
163	157	-	-	-	-
164	158	-	-	-	-
165	159	-	-	-	-
166	160	-	-	-	-
167	161	-	-	-	-
168	162	-	-	-	-
169	163	-	-	-	-
170	164	-	-	-	-
171	165	-	-	-	-
172	166	-	-	-	-
173	167	-	-	-	-
174	168	-	-	-	-
175	169	-	-	-	-
176	170	-	-	-	-
177	171	-	-	-	-
178	172	-	-	-	-
179	173	-	-	-	-
180	174	-	-	-	-
181	175	-	-	-	-
182	176	-	-	-	-
183	177	-	-	-	-
184	178	-	-	-	-
185	179	-	-	-	-
186	180	-	-	-	-
187	181	-	-	-	-
188	182	-	-	-	-
189	183	-	-	-	-
190	184	-	-	-	-
191	185	-	-	-	-
192	186	-	-	-	-
193	187	-	-	-	-
194	188	-	-	-	-
195	189	-	-	-	-
196	190	-	-	-	-

197	191	-	-	-	-
198	192	-	-	-	-
199	193	-	-	-	-
200	194	-	-	-	-
201	195	-	-	-	-
202	196	-	-	-	-
203	197	-	-	-	-
204	198	-	-	-	-
205	199	-	-	-	-
206	200	-	-	-	-
207	201	-	-	-	-
208	202	-	-	-	-
209	203	-	-	-	-
210	204	-	-	-	-
211	205	-	-	-	-
212	206	-	-	-	-
213	207	-	-	-	-
214	208	-	-	-	-
215	209	-	-	-	-
216	210	-	-	-	-
217	211	-	-	-	-
218	212	-	-	-	-
219	213	-	-	-	-
220	214	-	-	-	-
221	215	-	-	-	-
222	216	-	-	-	-
223	217	-	-	-	-
224	218	-	-	-	-
225	219	-	-	-	-
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227	221	-	-	-	-
228	222	-	-	-	-
229	223	-	-	-	-
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237	231	-	-	-	-
238	232	-	-	-	-
239	233	-	-	-	-
240	234	-	-	-	-
241	235	-	-	-	-
242	236	-	-	-	-
243	237	-	-	-	-
244	238	-	-	-	-
245	239	-	-	-	-
246	240	-	-	-	-
247	241	-	-	-	-

Red Rock Utilities, Inc. - Wastewater Division
Schedule of Contributions-in-Aid of Construction
Projected Years

Exhibit
Schedule 1e

Line
No.

	Year					
	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
<u>Contributions (Hook-up Fees)</u>						
Residential	\$ -	\$ 460,000	\$ 400,000	\$ 500,000	\$ 540,000	\$ 540,000
Commercial		7,000	7,000	7,000	7,000	7,000
School		-	16,000	-	-	-
Total Collected	\$ -	\$ 467,000	\$ 423,000	\$ 507,000	\$ 547,000	\$ 547,000
Cumulative Collected	\$ -	\$ 467,000	\$ 890,000	\$ 1,397,000	\$ 1,944,000	\$ 2,491,000
<u>Amortization</u>						
Composite Rate (1/2 Yr Conv.)	0.00%	0.66%	2.06%	2.87%	0.99%	1.66%
Amortization	\$ -	\$ 3,089	\$ 18,376	\$ 40,162	\$ 19,156	\$ 41,343
Cumulative Amortization	\$ -	\$ 3,089	\$ 21,465	\$ 61,626	\$ 80,783	\$ 122,125
Cumulative Balance	\$ -	\$ 463,911	\$ 868,535	\$ 1,335,374	\$ 1,863,217	\$ 2,368,875

Red Rock Utilities, Inc. - Wastewater Division
Projected Statements of Income
For the 12 Months Ended

Exhibit
Schedule 2

Line No.			Year				
			1	2	3	4	5
1			\$	\$	\$	\$	\$
2			61,249	178,358	300,710	438,939	582,413
3	Total estimated Revenues						
4	Variable Expenses						
5	Pumping Power:	1.70 per 1,000 gals	10,912	32,412	54,841	79,456	105,001
6	Per 1,000 gallons returned						
7	Repairs & Maint. (a)(b)	4.00 /month/customer	5,568	16,008	26,928	39,504	52,560
8	Insurance (a)(b)	1.35 /month/customer	1,879	5,403	9,088	13,333	17,739
9	Billing, Postage, Operations (a)(b)	6.50 /month/customer	9,048	26,013	43,758	64,194	85,410
10							
11	Total Variable Expenses		\$ 27,407	\$ 79,835	\$ 134,616	\$ 196,487	\$ 260,710
12							
13	Other Expenses						
14	Depreciation net of Amortization of CIAC from schedules 1a & 1e		30,071	92,266	130,409	129,920	218,276
15	Office (b)	\$ 5,000	5,000	5,150	5,305	5,464	5,628
16	Legal & Accounting (b)	\$ 5,000	5,000	5,150	5,305	5,464	5,628
17	Miscellaneous Expenses (b) (e)	\$ 2,400	2,400	2,472	2,546	2,623	2,701
18	Testing (d)	\$ 2,500	2,500	2,575	2,652	2,732	2,814
19	Income Taxes		50	50	1,848	16,758	13,912
20	Property Taxes (f)		1,960	3,209	5,763	9,792	14,102
21							
22	Total Other Expense		\$ 46,981	\$ 110,872	\$ 153,828	\$ 172,752	\$ 263,061
23							
24							
25	Total Operating Expenses		74,389	190,708	288,443	369,239	523,771
26							
27	Operating Income (loss)		\$ (13,140)	\$ (12,350)	\$ 12,266	\$ 69,700	\$ 58,642
28	Less:						
29	Interest (Expense)Income on Work. Cap. (c)		375	1,010	5,283	14,477	9,988
30	Interest Expense Long-term Debt (c)		-	-	-	-	-
31	Net Income		\$ (12,765)	\$ (13,360)	\$ 6,983	\$ 55,223	\$ 48,654
32							
33	(a) Per customer per month						
34	(b) Annual Inflation of:	3.00%					
35	(c) If Applicable						
36	(d) Based on Testing Cost Allowed Sorenson Utility Company by ACC Staff						
37	(e) Miscellaneous Expenses of \$200 per month						
38	(f) See Property Tax Calculation						
39							
40							
41							

Red Rock Utilities, Inc. - Wastewater Division
Projected Cash Flows
For the Years Ended

Exhibit
Schedule 3

Line No.		Year					
		0	1	2	3	4	5
3	Cash from Operations						
4	Beginning Cash Balance	\$ -	\$ 25,000	\$ 42,307	\$ 309,903	\$ 655,220	\$ 10,635
6	Income from Operations		(12,765)	(13,360)	6,983	55,223	48,654
7	Add Depreciation expense		30,071	92,266	130,409	129,920	218,276
9	Total Cash From Operations	\$ -	\$ 17,307	\$ 78,907	\$ 137,392	\$ 185,144	\$ 266,931
11	Cash from Financing						
13	Deposits (security) collected	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	Long-Term Debt	-	-	-	-	-	-
15	Common Equity	25,000	4,215,996	-	-	7,563,556	-
16	Advances in Aid of Const.	-	330,105	144,399	322,791	334,708	242,400
17	Contribution in Aid of Const. (Hook-up Fees)	-	467,000	423,000	507,000	547,000	547,000
18	Meter Deposits Collected	-	-	-	-	-	-
21	Total Cash from Financing	\$ 25,000	\$ 5,013,101	\$ 567,399	\$ 829,791	\$ 8,445,264	\$ 789,400
25	Uses of Cash:						
28	Long-term debt Repayment						
29	Advances Refunded	\$ -	\$ -	\$ 33,011	\$ 47,450	\$ 79,730	\$ 103,970
30	Meter Deposit Refunded	-	-	-	-	-	-
31	Deposit (Security) refunded						
32	Capital Improvements - Plant	-	5,013,101	345,699	574,416	9,195,264	514,155
34	Total Cash Uses	\$ -	\$ 5,013,101	\$ 378,710	\$ 621,866	\$ 9,274,994	\$ 618,125
36	Ending Cash Balance	\$ 25,000	\$ 42,307	\$ 309,903	\$ 655,220	\$ 10,635	\$ 448,841
39	Interest Income: Assuming Earning Equal to Inflation Factor on Average Cash Balance						
40	Average Cash Balance	\$ 12,500	\$ 33,653	\$ 176,105	\$ 482,562	\$ 332,928	\$ 229,738
41	Interest Earned	\$ 375	\$ 1,010	\$ 5,283	\$ 14,477	\$ 9,988	\$ 6,892

Red Rock Utilities, Inc. - Water Division
REPRESENTATIVE RATE SCHEDULE

Exhibit
Schedule 4
Page 1
Witness: Bourassa

PROPOSED RATES

LINE NO.		MONTHLY MINIMUM	GALLONS IN MINIMUM
1	<u>METER SIZE</u>		
2			
3	MONTHLY MINIMUMS:		
4	5/8 x 3/4 And	\$ 25.00	-
5	3/4	\$ 25.00	-
6	1	\$ 62.50	-
7	1 1/2	\$ 125.00	-
8	2	\$ 200.00	-
9	3	\$ 400.00	-
10	4	\$ 625.00	-
11	6	\$ 1,250.00	-
12			
13	COMMODITY CHARGE PROPOSED RATES:		
14			
15	<u>All classes except irrigation</u>		
16	Charge per 1,000 gallons for usage		
17	in excess of 0 gallons up to	5,000 gals	\$ 2.40
18	over	5,000 gals	\$ 3.15
19			
20	<u>Irrigation meters</u>		
21	Charge per 1,000 gallons for usage		
22	in excess of 0 gallons up to	20,000 gals	\$ 2.40
23	over	20,000 gals	\$ 3.15
24			
25	Standpipe or bulk water per		
26	1,000 gallons		\$ 3.50
27			
28			
29			
30	<u>Hook-up Fee</u>		
31			
32			
33	All Builders / Developers are required to pay a hook-up fee of		
34	\$ 1,000.00 per lot, for connection to the system based on		
35	a water connection of 5/8 x 3/4 or 3/4 inch water meter.		
36	Payments are listed for each Water Meter Size below:		
37			
38	Water		
39	<u>Meter Size</u>		
40	5/8 x 3/4	\$ 1,000.00	
41	3/4	\$ 1,000.00	
42	1	\$ 2,500.00	
43	1 1/2	\$ 5,000.00	
44	2	\$ 8,000.00	
45	3	\$ 16,000.00	
46	4	\$ 25,000.00	
47	6	\$ 50,000.00	
48			
49			

**Red Rock Utilities, Inc. - Water Division
REPRESENTATIVE RATE SCHEDULES
STATEMENT OF CHARGES**

Exhibit
Schedule 5
Page 1
Witness: Bourassa

LINE
NO.

1	A. Establishment of Service per Rule R14-2-403.D	Proposed	
2	Establishment of Service, after hours	\$	25.00
3	per rule R14-2-403.D.2	\$	50.00
4			
5	B. Re-establishment of Service per Rule 14-2-403.D	see	(a)
6			
7	C. Reconnection of service per Rule R14-2-403.D.1	\$	30.00
8			
9	D. Charge for moving meter at customer request per		
10	Rule R14-2-405.B.5	@ Cost	
11			
12	E. After hours service charge, per hour, R14-2-403.D	\$	50.00
13			
14	F. Minimum Deposit per Rule R-14-2-403.B		
15			
16	H. Meter Reread per Rule R14-2-408	\$	15.00
17			
18	I. Charge for NSF Check per Rule R14-2-409.F.1	\$	25.00
19			
20	J. Late payment charge for delinquent bills		
21	as defined in Rule R14-2-409.C.1		1.50%
22			
23	K. Deferred Payment Finance Charge, R14-2-409.G		1.50%
24			
25	L. Service Line and Meter Installation per R14-12-405.B		
26	5/8 x 3/4 inch	\$	400.00
27	3/4 inch	\$	440.00
28	1 inch	\$	500.00
29	1 1/2 inch	\$	715.00
30	2 Inch - Turbo	\$	1,170.00
31	2 inch - Compound	\$	1,700.00
32	3 inch - Turbo	\$	1,585.00
33	3 Inch - Compound	\$	2,190.00
34	4 Inch - Turbo	\$	2,540.00
35	4 inch - Compound	\$	3,215.00
36	6 Inch - Turbo	\$	4,815.00
37	6 inch - Compound	\$	6,270.00
38			
39	M. Main Extension and additional facilities agreements,		
40	per Rule R14-2-406.B	@ COST	(b)
41			
42	N. All Revenue related taxes will be charged customers.		

RULES AND REGULATIONS

* The Company has adopted the Rules and Regulation established by the Commission as the basis for its operating procedures. AAC R14-204-01 Through ACC R14-2-411 will be controlling of Company procedures, unless specific Commission Orders provide otherwise.

(a) Monthly minimum times months off the system

(b) Cost to include parts, labor, overhead, and all applicable taxes, including income tax.

(c) If meter is reading correct per rule.

52
53

Red Rock Utilities, Inc. - Wastewater Division
REPRESENTATIVE RATE SCHEDULE

Exhibit
Schedule 4
Page 1
Witness: Bourassa

PROPOSED RATES

LINE
NO.

MONTHLY
CHARGE

METER SIZE

MONTHLY MINIMUMS:

5/8 x 3/4 And

3/4

1

1 1/2

2

3

4

6

Treated Effluent per Acre Foot

Hook-up Fee

All Builders / Developers are required to pay a hook-up fee of
\$ 2,000.00 per lot, for connection to the system based on
a water connection of 5/8 x 3/4 or 3/4 inch water meter.
Payments are listed for each Water Meter Size below:

Water

Meter Size

5/8 x 3/4

3/4

1

1 1/2

2

3

4

6

\$ 39.50

\$ 39.50

\$ 98.75

\$ 197.50

\$ 316.00

\$ 632.00

\$ 987.50

\$ 1,975.00

\$ 300.00

\$ 2,000.00

\$ 2,000.00

\$ 5,000.00

\$ 10,000.00

\$ 16,000.00

\$ 32,000.00

\$ 50,000.00

\$ 100,000.00

Red Rock Utilities, Inc. - Wastewater Division
REPRESENTATIVE RATE SCHEDULES
STATEMENT OF CHARGES

Exhibit
Schedule 5
Page 1
Witness: Bourassa

LINE
NO.

		Proposed
1	A. Establishment of Service	\$ 25.00
2	Establishment of Service, after hours	\$ 50.00
3	(Collected only if customer is sewer only)	
4	B. Re-establishment of Service	see (a)
5		
6	C. Reconnection of service	\$ 30.00
7		
8	D. After hours service charge, per hour	\$ 50.00
9		
10	E. Minimum Deposit Two Times Monthly Bill	
11		
12	F. Charge for NSF Check	\$ 25.00
13		
14	G. Late payment charge for delinquent bills	
15		
16	H. Deferred Payment Finance Charge	1.50%
17		
18	I. Main Extension and additional facilities agreements,	
19		@ COST (b)
20		
21	J. All Revenue related taxes will be charged customers.	

RULES AND REGULATIONS

* The Company has adopted the Rules and Regulation established by the Commission as the basis for its operating procedures. Arizona Corporation Commission Rules will be controlling of Company procedures, unless specific Commission Orders provide otherwise.

(a) Monthly minimum times months off the system

(b) Cost to include parts, labor, overhead, and all applicable taxes, including income tax.



OFFICIAL RECORDS OF
PINAL COUNTY RECORDER

LAURA DEAN-LYTLE

DATE: 06/23/03 TIME: 1608
FEE : 0.00
PAGES: 14
FEE NO: 2003-041655

When recorded mail to:

Pinal County Board of Supervisors
P.O. Box 827
Florence, Arizona 85232

(The above space reserved for recording information)
CAPTION HEADING

Creation of the Red Rock Utilities, L.L.C. Water Utility Franchise.

When recorded mail to:

Clerk of the Board
P.O. Box 827
Florence, Arizona 85232

Creation Of The Red Rock Utilities, L.L.C. Water Franchise

WHEREAS, Red Rock Utilities, L.L.C., an Arizona limited liability company, duly authorized to conduct business in the State of Arizona, has duly filed and presented to the Board of Supervisors of the County of Pinal, State of Arizona, its application for a new public utility franchise for the purpose of constructing, operating and maintaining water lines and related appurtenances along, under and across the public streets, alleys and highways, except federal and state highways, within the unincorporated area of Pinal County, Arizona, as described in Exhibit "A" attached hereto (hereinafter "Application").

WHEREAS, upon filing of the Application for the public utility franchise, the Board of Supervisors of Pinal County ordered a public notice of its intent to consider the granting of the public utility franchise to be published in a newspaper of general circulation, in Pinal County, Arizona, stating the time and place for consideration of the Application was set for 9:30 a.m. on April 30, 2003, at the Pinal County Board of Supervisors' Hearing Room, Administration Building No. 1, Florence, Arizona.

WHEREAS, said Application having come on regularly for hearing at 9:30 a.m. on April 30, 2003; and it appearing from the affidavit of the publisher of the Florence Reminder and Blade Tribune, that due and regular notice of said time and place set for the consideration of such action has been published for at least once a week for three consecutive weeks prior to said hearing date, to-wit: in the issues of the Florence Reminder and Blade Tribune, published on April 10, 2003, April 17, 2003, and April 24, 2003; and the matter being called for hearing at 9:30 a.m., and an opportunity having been given to all interested parties to be heard.

WHEREAS, the Board of Supervisors of Pinal County has the power to create a water franchise under Arizona Revised Statute §40-283, as well as other applicable sections.

NOW, THEREFORE,

Section 1: DEFINITIONS

The following terms used in this franchise shall have the following meanings:

- A. County: Pinal County, Arizona.
- B. Board: Board of Supervisors of Pinal County, Arizona.
- C. Grantor: Pinal County, by and through its Board of Supervisors.
- D. Grantee: Red Rock Utilities, L.L.C. , an Arizona limited liability company, its successors and assigns.

E. Grantee's Facilities: Water structures, equipment, lines, plants and related appurtenances.

Section 2: GRANT

A. Grantor, on April 30, 2003, hereby grants to Grantee, for a period of twenty-five years, this new public utility franchise (hereinafter "Franchise") for the purpose of constructing, operating and maintaining water lines and related appurtenances along, under and across public streets, alleys and highways, and other rights of way, except federal and state highways, under the terms and conditions set forth herein within the unincorporated area of Pinal County, Arizona, as described in the Application (hereinafter "Franchise Area").

B. Nonexclusive Franchise.

(1) The Franchise granted hereby shall not be exclusive and shall not restrict in any manner the right of County in the exercise of any regulatory power which it now has or which may hereafter be authorized or permitted by the laws of the State of Arizona. Nothing herein shall be construed to prevent County from granting other like or similar franchises to any other person, firm or corporation. County retains and shall ever be considered as having and retaining the right and power to allow and to grant to any other person, firm, corporation or other companies, franchise rights and privileges to be exercised in and upon its public streets, alleys, highways, rights of way and public places, and such of the same and parts thereof as County may deem best or choose to allow, permit, give or grant.

(2) Nothing herein shall be construed to prevent County and its proper authorities from constructing and installing water lines, sewers, gutters, or improvements to its public highways, streets and alleys, and for that purpose, to require Grantee at Grantee's own expense to remove Grantee's Facilities to conform thereto and facilitate the same.

C. Reservation of Rights.

(1) County reserves the right to alter and amend the Franchise at any time and in any manner necessary for the safety or welfare of the public or to protect the public interests, and County reserves the right to impose at any time restrictions and limitations upon the use of the public streets, alleys, rights of way and highways as County deems best for the public safety or welfare.

(2) County expressly reserves the right, after thirty (30) days written notice to Grantee, to modify, amend, alter, change or eliminate any of the provisions of the Franchise which may become obsolete or impractical; and to impose such additional conditions upon Grantee as may be just and reasonable, such conditions to be those deemed necessary for the purpose of insuring adequate service to the public; provided however, County shall not modify, amend, alter, change or eliminate any of said provisions until after thirty (30) days and a public hearing, if such is legally required or requested by Grantee.

Section 3: RENEWAL/SUBSEQUENT APPLICATION/REMOVAL OF SYSTEM

A. The Franchise herein granted shall expire on April 30, 2028; and upon its termination, Grantee shall cease to exercise under the terms of the Franchise the privileges herein granted. In the event Grantee desires a renewal of the Franchise herein granted, or a new franchise for a subsequent period, Grantee shall apply to and open negotiations with County for that purpose at least six (6) months before the expiration of the Franchise herein granted; but nothing herein shall be construed to bind County to grant such renewal or subsequent franchise.

B. Upon termination of the Franchise, Grantee shall remove Grantee's Facilities from the streets, alleys, ways, highways, rights of way and bridges within the Franchise Area and shall restore the areas to their original condition. If such removal is not completed within six (6) months of such termination, County may deem any property not removed as having been abandoned.

Section 4: REGULATION

Grantee shall be subject to reasonable regulations for the maintenance by Grantee of such portion of the public streets, alleys, rights of way and highways altered, damaged or destroyed by Grantee, its agents, employees or contractors, in exercising the privileges granted by the Franchise, including, but not limited to provisions for repair as set forth in Section 9(B) herein.

Section 5: CONSTRUCTION, INSTALLATION AND REPAIRS

A. Before beginning any construction for installation of Grantee's Facilities, Grantee shall submit a plan of proposed construction to the Pinal County Engineer and shall not commence any construction until the plan of construction is approved by the County Engineer or his designate.

B. All work performed by Grantee, its agents, employees or contractors, under the Franchise shall be done in the manner prescribed by County and subject to the supervision of County, and in strict compliance with all laws, ordinances, rules and regulations of federal, state and local governments.

C. No construction, reconstruction, repair, or relocation under the Franchise shall be commenced until written permits have been obtained from the proper County officials. In any permit so issued, such officials may impose such conditions and regulations as a condition of the granting of the same as are necessary for the purpose of protecting any structures, highways, streets, or rights of way and for the proper restoration of such structures, highways, streets or rights of way, for the protection of the public and the continuity of pedestrian and vehicular traffic.

D. No construction under the Franchise by Grantee shall impose upon County the duty to maintain any public street, alley, highway or right of way unless County accepts said public street, alley, highway or right of way into the county maintenance system as provided by law.

Section 6: INSPECTION

County shall, if it deems it necessary, have the right to inspect the construction, operation and maintenance of Grantee's Facilities to insure the proper performance of the terms of the Franchise granted herein.

Section 7: SUFFICIENCY, LOCATION AND MAINTENANCE

All of Grantee's Facilities shall be in all respects adequate, efficient, substantial and permanent in design and workmanship, and shall be so located, erected and maintained in good order and repair so as not to interfere with the use, enjoyment or safety of the public streets, alleys, highways or rights of way.

Section 8: EXPANSION

Grantee may from time to time, during the term of the Franchise make such enlargements and extensions of its wastewater system as are necessary to adequately provide for the requirements of County and the inhabitants of the Franchise Area; provided that nothing herein shall compel Grantee to expand or enlarge its system beyond the economic and operating limits thereof. Such enlargements and extensions shall be made in accordance with County rules and regulations.

Section 9: RELOCATION; REPAIR

A. During the term of the Franchise, if County or any qualified authority having jurisdiction in the Franchise Area alters, repairs, improves, or changes the grade of, any public street, alley, highway, or right of way in the Franchise Area, then and in such event, Grantee, at its own expense, shall promptly make such changes in the location, structure or alignment of its water lines and related appurtenances as the County Engineer or his/her designee may deem necessary as provided in Section 9(B).

B. Within sixty (60) days after receiving written notice from County of needed changes or corrections in Grantee's Facilities, and upon the failure of Grantee to make such changes or corrections as set forth in Section 9(A) or to correct any damage to any public street, alley, highway or right-of-way within the Franchise Area caused directly or indirectly by Grantee, its agents, employees or contractors, County shall have the right to make, or cause such changes or corrections to be made at the expense of Grantee. In the event that any changes, corrections or repairs are deemed an emergency by County, Grantee, upon receipt of notice of such an emergency, shall make such changes, corrections or repairs deemed necessary by County to provide for health and safety concerns. In the event that Grantee does not make the necessary changes, corrections or repairs within a reasonable period of time, County may make, or cause such changes, corrections or repairs to be made at the expense of Grantee. Any expenses incurred for such changes, corrections or repairs shall be due and payable within thirty (30) days of written demand by County to Grantee.

Section 10: LIABILITY

A. If any public street, highway, alley, way, bridge, sidewalk, public place, or other public facility should be disturbed, altered, damaged or destroyed by Grantee, its agents, employees or contractors, in the construction, design, installation, operation and maintenance of Grantee's Facilities under the Franchise, the same shall be promptly repaired, reconstructed, replaced or restored by Grantee, without cost to County, as provided in Section 9(B), in as good condition as before Grantee's entry and to the satisfaction of County.

B. Grantee shall be responsible to every owner of property which shall be injured by the work of construction, installation, operation or maintenance of Grantee's Facilities under the Franchise, all physical damage which shall be done to such injured property through any act or omission of Grantee, its agents, employees or contractors, arising out of said construction, installation, operation or maintenance.

C. It is a condition of the Franchise that County shall not and does not by reason of the Franchise assume any liability of the Grantee whatsoever for injury to persons or damage to property.

Section 11: INDEMNIFICATION

Grantee by its acceptance of the Franchise agrees that throughout the entire term of this Franchise, Grantee, at its sole cost and expense, shall indemnify, defend, save and hold harmless Pinal County, its elected officers, employees and agents from any and all lawsuits, judgments and claims for injury, death and damage to persons and property, both real and personal, caused in whole or in part by the

construction, design, installation, operation or maintenance of Grantees Facilities by Grantee, its agents, employees or contractors, within the Franchise Area. Indemnified expenses shall include, but not be limited to, litigation and arbitration expenses, and attorneys' fees.

Section 12: ACCEPTANCE BY GRANTEE / EFFECTIVE DATE FRANCHISE

The Franchise shall be accepted by Grantee by written instrument in the form attached hereto as Exhibit "B" (hereinafter "Acceptance"), executed and acknowledged by it as a deed is required to be, and filed with the Clerk of the Pinal County Board of Supervisors within thirty (30) days after the date this Franchise is approved by County. This Franchise shall be effective upon delivery of the Acceptance to the Clerk of the Pinal County Board of Supervisors in the form required and within the time specified above.

Section 13: LIMITS ON GRANTEE'S RECOURSE

A. Grantee by its acceptance of the Franchise acknowledges such acceptance relies upon Grantee's own investigation and understanding of the power and authority of the County to grant this Franchise. Grantee by its acceptance of the Franchise accepts the validity of the terms and conditions of the Franchise in their entirety and agrees it will not, at any time, proceed against County in any claim or proceeding challenging any term or provision of the Franchise as unreasonable, arbitrary or void, or that County did not have the authority to impose such term or condition.

B. Grantee by accepting the Franchise acknowledges that it has not been induced to accept the same by any promise, verbal or written, by or on behalf of County or by any third person regarding any term or condition of the Franchise not expressed therein. Grantee by its acceptance of the Franchise further pledges that no promise or inducement, oral or written, has been made to any employee or official of County regarding receipt of the Franchise.

C. Grantee by its acceptance of the Franchise further acknowledges that it has carefully read the terms and conditions of the Franchise and accepts without reservation the obligations imposed by the terms and conditions herein.

D. The Board's decision concerning its selection and awarding of the Franchise shall be final.

Section 14: FAILURE TO ENFORCE FRANCHISE

Grantee shall not be excused from complying with any of the terms and conditions of the Franchise by any failure of County, upon any one or more occasions, to insist upon the Grantee's performance or to seek Grantee's compliance with any one or more of such terms or conditions.

Section 15: COMPLIANCE WITH THE LAW

Grantee shall at all times, conduct its business under the Franchise in accordance with all federal, state and local laws, rules and regulations, as amended, including any future amendments thereto as may, from time to time, be adopted.

Section 16: INTERPRETATION/GOVERNING LAW

The interpretation and performance of the Franchise and of the general terms and conditions shall be in accordance with and governed by the laws of the State of Arizona.

Section 17: VENUE

Exclusive venue for any legal action to enforce the provisions, terms and conditions of the Franchise shall be the Superior Court of the State of Arizona in and for the County of Pinal, Florence, Arizona.

Section 18: SEVERABILITY

If any section, provision, term or covenant or any portion of any section, provision, term or covenant of the Franchise is determined to be illegal, invalid or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory agency having jurisdiction thereof, such determination shall have no effect on any remaining portion of such section, provision, term or covenant or the remaining sections, provisions, terms or covenants of the Franchise, all of which shall remain in full force and effect for the term of the Franchise or any renewal or renewals thereof.

Section 19: FORFEITURE

A. If Grantee fails to comply with any of the provisions of this Franchise or defaults in any of its obligations hereunder, except for causes beyond the reasonable control of Grantee; and shall fail within thirty (30) days after written notice from County to commence, and within a reasonable time and not longer than sixty (60) days, complete the correction of such default or noncompliance, County shall have the right to revoke this Franchise and all rights of Grantee hereunder. In the event Grantee makes a general assignment or general arrangement for the benefit of creditors; or a trustee or receiver is appointed to take possession of substantially all of Grantee's Facilities within the Franchise Area or of Grantee's interest in this Franchise, where possession is not restored to Grantee within thirty (30) days; or Grantee's Facilities within the Franchise Area are subject to an attachment, execution or other seizure of substantially all of the Grantee's Facilities within the Franchise Area or this Franchise, where such seizure is not discharged within thirty (30) days, County may declare this Franchise, and any expansion hereto, forfeited and terminated.

B. Nothing herein contained shall limit or restrict any other legal rights that County may possess arising from such violations.

Section 20: REVOCATION OF FRANCHISE

The Franchise may after due notice and hearing, be revoked by County for any of the following reasons:

- A. For false or misleading statements in, or material omissions from the application for and the hearing on the granting of the Franchise.
- B. For any transfer or assignment of the Franchise or control thereof without County's written consent.
- C. For failure to comply with any of the terms and conditions of the Franchise.

Section 21: ASSIGNMENT/TRANSFER

Grantee shall not assign or transfer any interest in the Franchise without the prior written consent of Grantor. Grantor shall not unreasonably withhold its consent to a proposed transfer.

Section 22: NOTICE

Notices required under the Franchise shall be delivered or sent by certified mail, postage prepaid to:

Grantor:

Clerk of the Pinal County Board of Supervisors
P.O. Box 827
31 N. Pinal
Florence, Arizona 85232

Grantee:

Red Rock Utilities, L.L.C.
c/o Lewis and Roca LLP
One South Church, Suite 700
Tucson, AZ 85702-1611

The delivery or mailing of such notice shall be equivalent to direct personal notice and shall be deemed to have been given at the time of delivery. Either party may change its address under this section by written notice to the other party.

Section 23: REMEDIES

Rights and remedies reserved to the parties by the Franchise are cumulative and shall be in addition to and not in derogation of any other rights or remedies which the parties may have with respect to the subject matter of the Franchise and a waiver thereof at any time shall not affect any other reservation of rights or remedies.

Section 24: RIGHT OF INTERVENTION

County hereby reserves to itself, and Grantee hereby grants to County, the right to intervene in any suit, action or proceeding involving any provision in the Franchise.

Section 25: BOOKS AND RECORDS

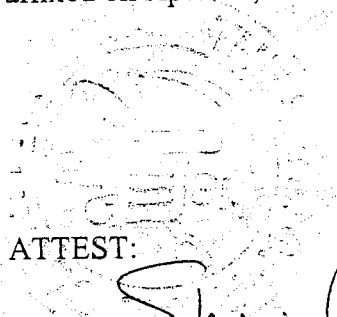
Grantee shall maintain books and records that identify all of Grantee's underground facilities by type and location within the Franchise Area. Grantee shall make such books and records available to County upon County's request and without cost to County.

Section 26: AD VALOREM TAXES

Grantee shall pay its ad valorem taxes before they become delinquent.

IN WITNESS WHEREOF, the Board of Supervisors of Pinal County, Arizona, by its Chairman and its Clerk, thereunto duly authorized, has hereunto set its hand and caused its official seal to be affixed on April 30, 2003.

PINAL COUNTY BOARD OF SUPERVISORS


Sandie Smith
Sandie Smith, Chairman

4-30-03

ATTEST:

Sheri Cluff
Sheri Cluff, Deputy Clerk of the Board

APPROVED AS TO FORM:

ROBERT CARTER OLSON
PINAL COUNTY ATTORNEY

Rick Husk
Rick Husk, Deputy County Attorney

March 27, 2003
WLB No. 100050-a001-1002
W:\LEGALS\100050\FRANCHISE Area2.doc

The
WLB
Group
INC.

**LEGAL DESCRIPTION
RED ROCK UTILITIES L.L.C.
FRANCHISE AREA**

The Southwest Quarter of Section 4, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

The Southeast Quarter of Section 5, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

All of Section 8, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona, except the South One-Half of the Southwest Quarter thereof.

All of Section 9, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

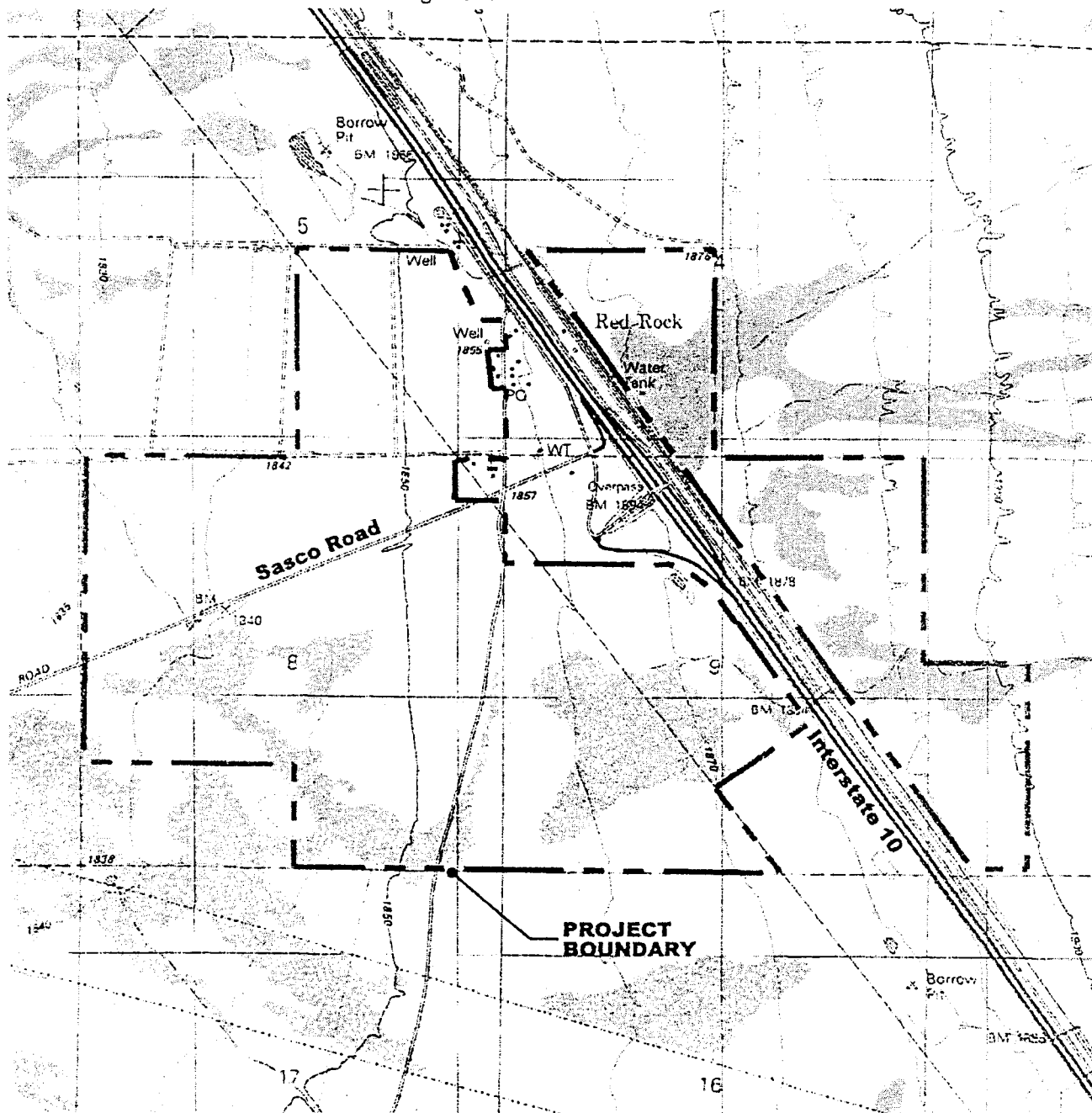
The west one-half of the Southwest Quarter (SW ¼) of Section 10, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

Prepared By:

THE WLB GROUP, INC.

Jack A. Buchanan
JAB:





RED ROCK VILLAGE PLANNED AREA DEVELOPMENT Property Boundary

1" = 2000'



March 27, 2003
WLB No. 100050-a001-1002
W:\LEGALS\100050\FRANCHISE Area2.doc



**LEGAL DESCRIPTION
RED ROCK UTILITIES L.L.C.
FRANCHISE AREA**

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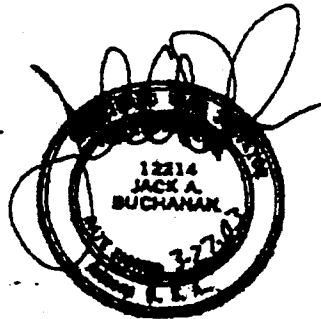
All of Section 9, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

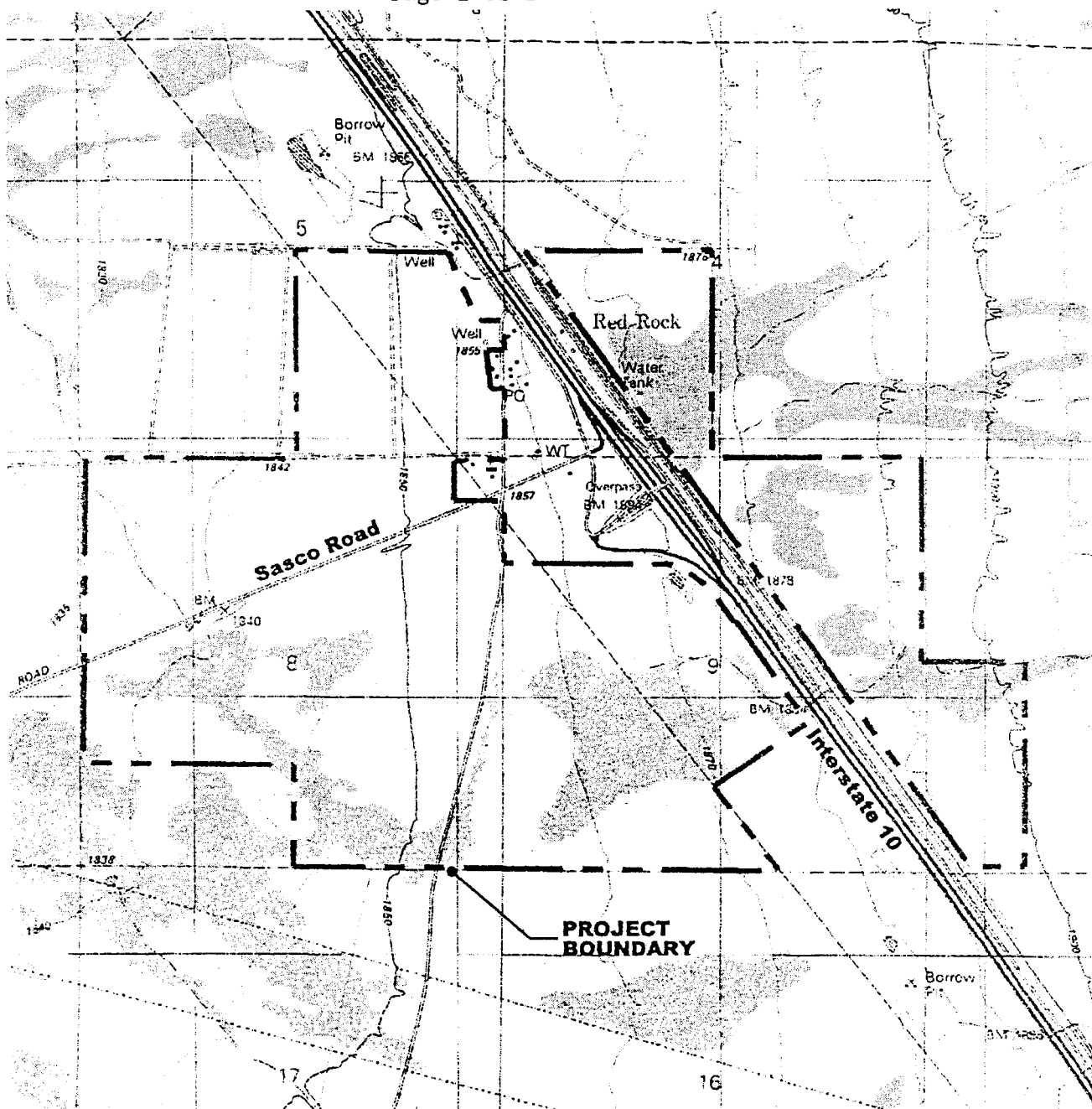
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Prepared By:

THE WLB GROUP, INC.

Jack A. Buchanan
JAB:





RED ROCK VILLAGE PLANNED AREA DEVELOPMENT Property Boundary

1" = 2000'



The
WLB
Group

WLB

RED ROCK UTILITIES WATER &
WASTEWATER FRANCHISE AREA



Exhibit B

ACCEPTANCE OF FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Red Rock Utilities, L.L.C., an Arizona limited liability company, does hereby accept the April 30, 2003 grant of a new public utility franchise from Pinal County, Arizona, (hereinafter "Franchise"), to construct, operate, and maintain water lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as stated in its application for a new public utility franchise.

Grantee unconditionally accepts the Franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of Pinal County to impose the same.

Grantee declares that the statements and recitals in this Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in this Franchise recited to have been or to be made by Grantee.

Dated this _____ day of _____, 2003.

RED ROCK UTILITIES, L.L.C.

By: _____

Title: _____

STATE OF ARIZONA)
County of _____) ss.

The foregoing instrument was acknowledged before me this ____ day of _____, 2003, by _____ of Red Rock Utilities, LLC, an Arizona limited liability company, and being authorized to do so, executed the foregoing instrument on behalf of the company for the purposes therein stated.

Notary Public

My Commission Expires:



OFFICIAL RECORDS OF
PINAL COUNTY RECORDER

LAURA DEAN-LYTLE

When recorded mail to:

Pinal County Board of Supervisors
P.O. Box 827
Florence, Arizona 85232

DATE: 06/23/03 TIME: 1608

FEE : 0.00

PAGES: 2

FEE NO: 2003-041656

(The above space reserved for recording information)
CAPTION HEADING

Acceptance of the Red Rock Utilities L.L.C. Water Utility Franchise.

ACCEPTANCE OF FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Red Rock Utilities, L.L.C., an Arizona limited liability company, does hereby accept the April 30, 2003 grant of a new public utility franchise from Pinal County, Arizona, (hereinafter "Franchise"), to construct, operate, and maintain water lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as stated in its application for a new public utility franchise.

Grantee unconditionally accepts the Franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of Pinal County to impose the same.

Grantee declares that the statements and recitals in this Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in this Franchise recited to have been or to be made by Grantee.

Dated this 5th day of June, 2003.

RED ROCK UTILITIES, L.L.C.

BY: Diamond Ventures, Inc.

Its: Member

By: _____

Mark Weinberg

Title: Vice President

STATE OF ARIZONA)

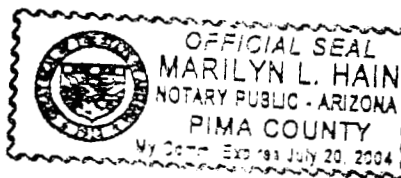
County of Pima) ss.

The foregoing instrument was acknowledged before me this 5th day of June, 2003, by Mark Weinberg, Vice Pres-DVT of Red Rock Utilities, LLC, an Arizona limited liability company, and being authorized to do so, executed the foregoing instrument on behalf of the company for the purposes therein stated.

Marilyn L. Hain
Notary Public

My Commission Expires:

7-20-04



i:\attyciv\franchis\Red Rock Water Franchise



OFFICIAL RECORDS OF
PINAL COUNTY RECORDER

LAURA DEAN-LYTLE

DATE: 06/23/03 TIME: 1608
FEE : 0.00
PAGES: 12
FEE NO: 2003-041653

When recorded mail to:

2
Pinal County Board of Supervisors
P.O. Box 827
Florence, Arizona 85232

(The above space reserved for recording information)
CAPTION HEADING

Creation of Red Rock Utilities L.L.C. Wastewater Franchise.

When recorded mail to:

Clerk of the Board
P.O. Box 827
Florence, Arizona 85232

Creation Of The Red Rock Utilities, L.L.C. Wastewater Franchise

WHEREAS, Red Rock Utilities, L.L.C., an Arizona limited liability company, duly authorized to conduct business in the State of Arizona, has duly filed and presented to the Board of Supervisors of the County of Pinal, State of Arizona, its application for a new public utility franchise for the purpose of constructing, operating and maintaining wastewater lines and related appurtenances along, under and across the public streets, alleys and highways, except federal and state highways, within the unincorporated area of Pinal County, Arizona, as described in Exhibit "A" attached hereto (hereinafter "Application").

WHEREAS, upon filing of the Application for the public utility franchise, the Board of Supervisors of Pinal County ordered a public notice of its intent to consider the granting of the public utility franchise to be published in a newspaper of general circulation, in Pinal County, Arizona, stating the time and place for consideration of the Application was set for 9:30 a.m. on April 30, 2003, at the Pinal County Board of Supervisors' Hearing Room, Administration Building No. 1, Florence, Arizona.

WHEREAS, said Application having come on regularly for hearing at 9:30 a.m. on April 30, 2003; and it appearing from the affidavit of the publisher of the Florence Reminder and Blade Tribune, that due and regular notice of said time and place set for the consideration of such action has been published for at least once a week for three consecutive weeks prior to said hearing date, to-wit: in the issues of the Florence Reminder and Blade Tribune, published on April 10, 2003, April 17, 2003, and April 24, 2003; and the matter being called for hearing at 9:30 a.m., and an opportunity having been given to all interested parties to be heard.

WHEREAS, the Board of Supervisors of Pinal County has the power to create a wastewater franchise under Arizona Revised Statute §40-283, as well as other applicable sections.

NOW, THEREFORE,

Section 1: DEFINITIONS

The following terms used in this franchise shall have the following meanings:

- A. County: Pinal County, Arizona.
- B. Board: Board of Supervisors of Pinal County, Arizona.
- C. Grantor: Pinal County, by and through its Board of Supervisors.
- D. Grantee: Red Rock Utilities, L.L.C. , an Arizona limited liability company, its successors and assigns.

- E. Grantee's Facilities: Wastewater structures, equipment, lines, plants and related appurtenances.

Section 2: GRANT

A. Grantor, on April 30, 2003, hereby grants to Grantee, for a period of twenty-five years, this new public utility franchise (hereinafter "Franchise") for the purpose of constructing, operating and maintaining wastewater lines and related appurtenances along, under and across public streets, alleys and highways, and other rights of way, except federal and state highways, under the terms and conditions set forth herein within the unincorporated area of Pinal County, Arizona, as described in the Application (hereinafter "Franchise Area").

B. Nonexclusive Franchise.

(1) The Franchise granted hereby shall not be exclusive and shall not restrict in any manner the right of County in the exercise of any regulatory power which it now has or which may hereafter be authorized or permitted by the laws of the State of Arizona. Nothing herein shall be construed to prevent County from granting other like or similar franchises to any other person, firm or corporation. County retains and shall ever be considered as having and retaining the right and power to allow and to grant to any other person, firm, corporation or other companies, franchise rights and privileges to be exercised in and upon its public streets, alleys, highways, rights of way and public places, and such of the same and parts thereof as County may deem best or choose to allow, permit, give or grant.

(2) Nothing herein shall be construed to prevent County and its proper authorities from constructing and installing water lines, sewers, gutters, or improvements to its public highways, streets and alleys, and for that purpose, to require Grantee at Grantee's own expense to remove Grantee's Facilities to conform thereto and facilitate the same.

C. Reservation of Rights.

(1) County reserves the right to alter and amend the Franchise at any time and in any manner necessary for the safety or welfare of the public or to protect the public interests, and County reserves the right to impose at any time restrictions and limitations upon the use of the public streets, alleys, rights of way and highways as County deems best for the public safety or welfare.

(2) County expressly reserves the right, after thirty (30) days written notice to Grantee, to modify, amend, alter, change or eliminate any of the provisions of the Franchise which may become obsolete or impractical; and to impose such additional conditions upon Grantee as may be just and reasonable, such conditions to be those deemed necessary for the purpose of insuring adequate service to the public; provided however, County shall not modify, amend, alter, change or eliminate any of said provisions until after thirty (30) days and a public hearing, if such is legally required or requested by Grantee.

Section 3: RENEWAL/SUBSEQUENT APPLICATION/REMOVAL OF SYSTEM

A. The Franchise herein granted shall expire on April 30, 2028; and upon its termination, Grantee shall cease to exercise under the terms of the Franchise the privileges herein granted. In the event Grantee desires a renewal of the Franchise herein granted, or a new franchise for a subsequent period, Grantee shall apply to and open negotiations with County for that purpose at least six (6) months

before the expiration of the Franchise herein granted; but nothing herein shall be construed to bind County to grant such renewal or subsequent franchise.

B. Upon termination of the Franchise, Grantee shall remove Grantee's Facilities from the streets, alleys, ways, highways, rights of way and bridges within the Franchise Area and shall restore the areas to their original condition. If such removal is not completed within six (6) months of such termination, County may deem any property not removed as having been abandoned.

Section 4: REGULATION

Grantee shall be subject to reasonable regulations for the maintenance by Grantee of such portion of the public streets, alleys, rights of way and highways altered, damaged or destroyed by Grantee, its agents, employees or contractors, in exercising the privileges granted by the Franchise, including, but not limited to provisions for repair as set forth in Section 9(B) herein.

Section 5: CONSTRUCTION, INSTALLATION AND REPAIRS

A. Before beginning any construction for installation of Grantee's Facilities, Grantee shall submit a plan of proposed construction to the Pinal County Engineer and shall not commence any construction until the plan of construction is approved by the County Engineer or his designate.

B. All work performed by Grantee, its agents, employees or contractors, under the Franchise shall be done in the manner prescribed by County and subject to the supervision of County, and in strict compliance with all laws, ordinances, rules and regulations of federal, state and local governments.

C. No construction, reconstruction, repair, or relocation under the Franchise shall be commenced until written permits have been obtained from the proper County officials. In any permit so issued, such officials may impose such conditions and regulations as a condition of the granting of the same as are necessary for the purpose of protecting any structures, highways, streets, or rights of way and for the proper restoration of such structures, highways, streets or rights of way, for the protection of the public and the continuity of pedestrian and vehicular traffic.

D. No construction under the Franchise by Grantee shall impose upon County the duty to maintain any public street, alley, highway or right of way unless County accepts said public street, alley, highway or right of way into the county maintenance system as provided by law.

Section 6: INSPECTION

County shall, if it deems it necessary, have the right to inspect the construction, operation and maintenance of Grantee's Facilities to insure the proper performance of the terms of the Franchise granted herein.

Section 7: SUFFICIENCY, LOCATION AND MAINTENANCE

All of Grantee's Facilities shall be in all respects adequate, efficient, substantial and permanent in design and workmanship, and shall be so located, erected and maintained in good order and repair so as not to interfere with the use, enjoyment or safety of the public streets, alleys, highways or rights of way.

Section 8: EXPANSION

Grantee may from time to time, during the term of the Franchise make such enlargements and extensions of its wastewater system as are necessary to adequately provide for the requirements of County and the inhabitants of the Franchise Area; provided that nothing herein shall compel Grantee to expand or enlarge its system beyond the economic and operating limits thereof. Such enlargements and extensions shall be made in accordance with County rules and regulations.

Section 9: RELOCATION; REPAIR

A. During the term of the Franchise, if County or any qualified authority having jurisdiction in the Franchise Area alters, repairs, improves, or changes the grade of, any public street, alley, highway, or right of way in the Franchise Area, then and in such event, Grantee, at its own expense, shall promptly make such changes in the location, structure or alignment of its wastewater lines and related appurtenances as the County Engineer or his/her designee may deem necessary as provided in Section 9(B).

B. Within sixty (60) days after receiving written notice from County of needed changes or corrections in Grantee's Facilities, and upon the failure of Grantee to make such changes or corrections as set forth in Section 9(A) or to correct any damage to any public street, alley, highway or right-of-way within the Franchise Area caused directly or indirectly by Grantee, its agents, employees or contractors, County shall have the right to make, or cause such changes or corrections to be made at the expense of Grantee. In the event that any changes, corrections or repairs are deemed an emergency by County, Grantee, upon receipt of notice of such an emergency, shall make such changes, corrections or repairs deemed necessary by County to provide for health and safety concerns. In the event that Grantee does not make the necessary changes, corrections or repairs within a reasonable period of time, County may make, or cause such changes, corrections or repairs to be made at the expense of Grantee. Any expenses incurred for such changes, corrections or repairs shall be due and payable within thirty (30) days of written demand by County to Grantee.

Section 10: LIABILITY

A. If any public street, highway, alley, way, bridge, sidewalk, public place, or other public facility should be disturbed, altered, damaged or destroyed by Grantee, its agents, employees or contractors, in the construction, design, installation, operation and maintenance of Grantee's Facilities under the Franchise, the same shall be promptly repaired, reconstructed, replaced or restored by Grantee, without cost to County, as provided in Section 9(B), in as good condition as before Grantee's entry and to the satisfaction of County.

B. Grantee shall be responsible to every owner of property which shall be injured by the work of construction, installation, operation or maintenance of Grantee's Facilities under the Franchise, all physical damage which shall be done to such injured property through any act or omission of Grantee, its agents, employees or contractors, arising out of said construction, installation, operation or maintenance.

C. It is a condition of the Franchise that County shall not and does not by reason of the Franchise assume any liability of the Grantee whatsoever for injury to persons or damage to property.

Section 11: INDEMNIFICATION

Grantee by its acceptance of the Franchise agrees that throughout the entire term of this Franchise, Grantee, at its sole cost and expense, shall indemnify, defend, save and hold harmless Pinal County,

its elected officers, employees and agents from any and all lawsuits, judgments and claims for injury, death and damage to persons and property, both real and personal, caused in whole or in part by the construction, design, installation, operation or maintenance of Grantees Facilities by Grantee, its agents, employees or contractors, within the Franchise Area. Indemnified expenses shall include, but not be limited to, litigation and arbitration expenses, and attorneys' fees.

Section 12: ACCEPTANCE BY GRANTEE / EFFECTIVE DATE FRANCHISE

The Franchise shall be accepted by Grantee by written instrument in the form attached hereto as Exhibit "B" (hereinafter "Acceptance"), executed and acknowledged by it as a deed is required to be, and filed with the Clerk of the Pinal County Board of Supervisors within thirty (30) days after the date this Franchise is approved by County. This Franchise shall be effective upon delivery of the Acceptance to the Clerk of the Pinal County Board of Supervisors in the form required and within the time specified above.

Section 13: LIMITS ON GRANTEE'S RECOURSE

A. Grantee by its acceptance of the Franchise acknowledges such acceptance relies upon Grantee's own investigation and understanding of the power and authority of the County to grant this Franchise. Grantee by its acceptance of the Franchise accepts the validity of the terms and conditions of the Franchise in their entirety and agrees it will not, at any time, proceed against County in any claim or proceeding challenging any term or provision of the Franchise as unreasonable, arbitrary or void, or that County did not have the authority to impose such term or condition.

B. Grantee by accepting the Franchise acknowledges that it has not been induced to accept the same by any promise, verbal or written, by or on behalf of County or by any third person regarding any term or condition of the Franchise not expressed therein. Grantee by its acceptance of the Franchise further pledges that no promise or inducement, oral or written, has been made to any employee or official of County regarding receipt of the Franchise.

C. Grantee by its acceptance of the Franchise further acknowledges that it has carefully read the terms and conditions of the Franchise and accepts without reservation the obligations imposed by the terms and conditions herein.

D. The Board's decision concerning its selection and awarding of the Franchise shall be final.

Section 14: FAILURE TO ENFORCE FRANCHISE

Grantee shall not be excused from complying with any of the terms and conditions of the Franchise by any failure of County, upon any one or more occasions, to insist upon the Grantee's performance or to seek Grantee's compliance with any one or more of such terms or conditions.

Section 15: COMPLIANCE WITH THE LAW

Grantee shall at all times, conduct its business under the Franchise in accordance with all federal, state and local laws, rules and regulations, as amended, including any future amendments thereto as may, from time to time, be adopted.

Section 16: INTERPRETATION/GOVERNING LAW

The interpretation and performance of the Franchise and of the general terms and conditions shall be in accordance with and governed by the laws of the State of Arizona.

Section 17: VENUE

Exclusive venue for any legal action to enforce the provisions, terms and conditions of the Franchise shall be the Superior Court of the State of Arizona in and for the County of Pinal, Florence, Arizona.

Section 18: SEVERABILITY

If any section, provision, term or covenant or any portion of any section, provision, term or covenant of the Franchise is determined to be illegal, invalid or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory agency having jurisdiction thereof, such determination shall have no effect on any remaining portion of such section, provision, term or covenant or the remaining sections, provisions, terms or covenants of the Franchise, all of which shall remain in full force and effect for the term of the Franchise or any renewal or renewals thereof.

Section 19: FORFEITURE

A. If Grantee fails to comply with any of the provisions of this Franchise or defaults in any of its obligations hereunder, except for causes beyond the reasonable control of Grantee; and shall fail within thirty (30) days after written notice from County to commence, and within a reasonable time and not longer than sixty (60) days, complete the correction of such default or noncompliance, County shall have the right to revoke this Franchise and all rights of Grantee hereunder. In the event Grantee makes a general assignment or general arrangement for the benefit of creditors; or a trustee or receiver is appointed to take possession of substantially all of Grantee's Facilities within the Franchise Area or of Grantee's interest in this Franchise, where possession is not restored to Grantee within thirty (30) days; or Grantee's Facilities within the Franchise Area are subject to an attachment, execution or other seizure of substantially all of the Grantee's Facilities within the Franchise Area or this Franchise, where such seizure is not discharged within thirty (30) days, County may declare this Franchise, and any expansion hereto, forfeited and terminated.

B. Nothing herein contained shall limit or restrict any other legal rights that County may possess arising from such violations.

Section 20: REVOCATION OF FRANCHISE

The Franchise may after due notice and hearing, be revoked by County for any of the following reasons:

- A. For false or misleading statements in, or material omissions from the application for and the hearing on the granting of the Franchise.
- B. For any transfer or assignment of the Franchise or control thereof without County's written consent.
- C. For failure to comply with any of the terms and conditions of the Franchise.

Section 21: ASSIGNMENT/TRANSFER

Grantee shall not assign or transfer any interest in the Franchise without the prior written consent of Grantor. Grantor shall not unreasonably withhold its consent to a proposed transfer.

Section 22: NOTICE

Notices required under the Franchise shall be delivered or sent by certified mail, postage prepaid to:

Grantor:

Clerk of the Pinal County Board of Supervisors
P.O. Box 827
31 N. Pinal
Florence, Arizona 85232

Grantee:

Red Rock Utilities, L.L.C.
c/o Lewis and Roca LLP
One South Church, Suite 700
Tucson, AZ 85702-1611

The delivery or mailing of such notice shall be equivalent to direct personal notice and shall be deemed to have been given at the time of delivery. Either party may change its address under this section by written notice to the other party.

Section 23: REMEDIES

Rights and remedies reserved to the parties by the Franchise are cumulative and shall be in addition to and not in derogation of any other rights or remedies which the parties may have with respect to the subject matter of the Franchise and a waiver thereof at any time shall not affect any other reservation of rights or remedies.

Section 24: RIGHT OF INTERVENTION

County hereby reserves to itself, and Grantee hereby grants to County, the right to intervene in any suit, action or proceeding involving any provision in the Franchise.

Section 25: BOOKS AND RECORDS

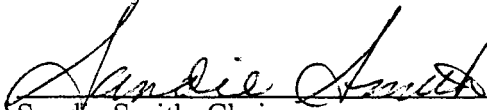
Grantee shall maintain books and records that identify all of Grantee's underground facilities by type and location within the Franchise Area. Grantee shall make such books and records available to County upon County's request and without cost to County.

Section 26: AD VALOREM TAXES

Grantee shall pay its ad valorem taxes before they become delinquent.

IN WITNESS WHEREOF, the Board of Supervisors of Pinal County, Arizona, by its Chairman and its Clerk, thereunto duly authorized, has hereunto set its hand and caused its official seal to be affixed on April 30, 2003.

PINAL COUNTY BOARD OF SUPERVISORS


Sandie Smith, Chairman 4-30-03

ATTEST:


Sheri Cluff, Deputy Clerk of the Board

APPROVED AS TO FORM:

ROBERT CARTER OLSON
PINAL COUNTY ATTORNEY


Rick Husk, Deputy County Attorney

March 27, 2003
WLB No. 100050-a001-1002
W:\LEGALS\100050\FRANCHISE Area2.doc

The
WLB
Group

**LEGAL DESCRIPTION
RED ROCK UTILITIES L.L.C.
FRANCHISE AREA**

The Southwest Quarter of Section 4, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

The Southeast Quarter of Section 5, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

All of Section 8, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona, except the South One-Half of the Southwest Quarter thereof.

All of Section 9, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

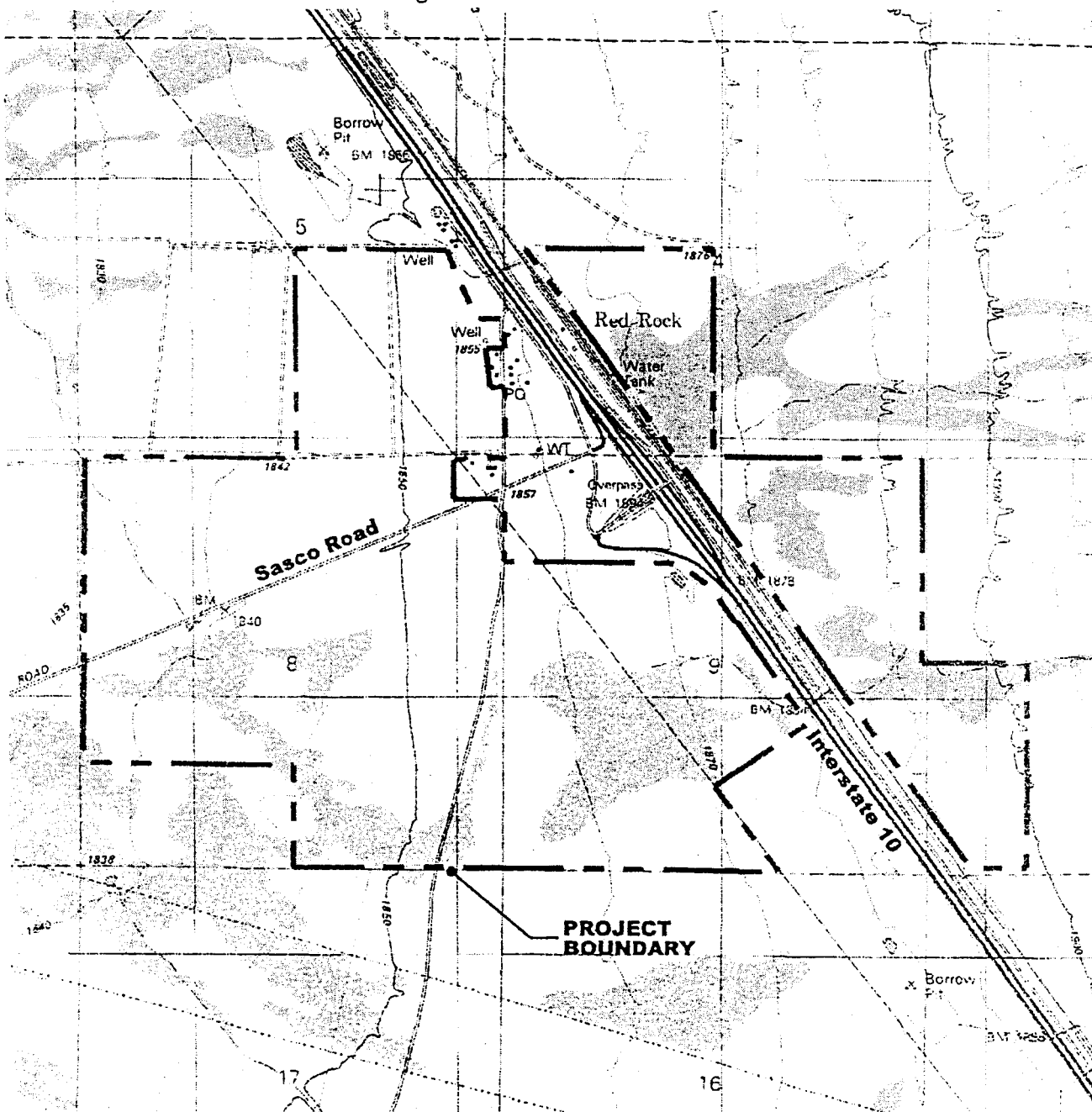
The west one-half of the Southwest Quarter (SW ¼) of Section 10, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

Prepared By:

THE WLB GROUP, INC.

Jack A. Buchanan
JAB:

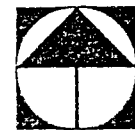




RED ROCK VILLAGE PLANNED AREA DEVELOPMENT

Property Boundary

1" = 2000'



The
WLB
Group

WLB

RED ROCK UTILITIES WATER &
WASTEWATER FRANCHISE AREA



Exhibit B

ACCEPTANCE OF FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Red Rock Utilities, L.L.C., an Arizona limited liability company, does hereby accept the April 30, 2003 grant of a new public utility franchise from Pinal County, Arizona, (hereinafter "Franchise"), to construct, operate, and maintain wastewater lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as stated in its application for a new public utility franchise.

Grantee unconditionally accepts the Franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of Pinal County to impose the same.

Grantee declares that the statements and recitals in this Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in this Franchise recited to have been or to be made by Grantee.

Dated this _____ day of _____, 2003.

RED ROCK UTILITIES, L.L.C.

By: _____

Title: _____

STATE OF ARIZONA)
) ss.
County of _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2003, by _____ of Red Rock Utilities, LLC, an Arizona limited liability company, and being authorized to do so, executed the foregoing instrument on behalf of the company for the purposes therein stated.

Notary Public

My Commission Expires:



OFFICIAL RECORDS OF
PINAL COUNTY RECORDER

LAURA DEAN-LYTLE

DATE: 06/23/03 TIME: 1608
FEE : 0.00
PAGES: 2
FEE NO: 2003-041654

When recorded mail to:

Pinal County Board of Supervisors
P.O. Box 827
Florence, Arizona 85232

(The above space reserved for recording information)
CAPTION HEADING

Acceptance of the Red Rock Utilities L.L.C. Wastewater Franchise.

ACCEPTANCE OF FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Red Rock Utilities, L.L.C., an Arizona limited liability company, does hereby accept the April 30, 2003 grant of a new public utility franchise from Pinal County, Arizona, (hereinafter "Franchise"), to construct, operate, and maintain wastewater lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as stated in its application for a new public utility franchise.

Grantee unconditionally accepts the Franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of Pinal County to impose the same.

Grantee declares that the statements and recitals in this Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in this Franchise recited to have been or to be made by Grantee.

Dated this 5th day of June, 2003.

RED ROCK UTILITIES, L.L.C.

BY: Diamond Ventures, Inc.

Its: Member

By: _____

Mark Weinberg

Title: Vice President

STATE OF ARIZONA)

County of Pima)

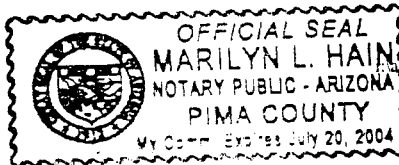
) ss.

The foregoing instrument was acknowledged before me this 5th day of June, 2003, by Mark Weinberg, Vice President of Red Rock Utilities, LLC, an Arizona limited liability company, and being authorized to do so, executed the foregoing instrument on behalf of the company for the purposes therein stated.

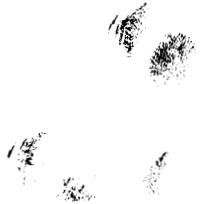
Marilyn L. Hain
Notary Public

My Commission Expires:

7-20-04



\\franchis\Red Rock Wastewater Franchise



Red Rock Utilities, Inc. - Water Division
Schedule for the Computation of Projected
Property Taxes for the Years Ended

Exhibit
Schedule 2b
Page 1

Line No.		Year				
		1	2	3	4	5
3	Revenue Component 1	\$ 75,236	\$ 75,236	\$ 75,236	\$ 223,830	\$ 389,351
4	Revenue Component 2	75,236	75,236	223,830	389,351	533,316
5	Revenue Component 3	75,236	223,830	389,351	533,316	682,204
7	Average 3 years of revenue	\$ 75,236	\$ 124,767	\$ 229,472	\$ 382,166	\$ 534,957
8	Add:					
9	Construction Work in Progress at 10%	0	0	0	0	0
10	Deduct:					
11	Book Value of Transportation Equipment	0	0	0	0	0
13	Full Cash Value	\$ 75,236	\$ 124,767	\$ 229,472	\$ 382,166	\$ 534,957
16	Times Assessment Ratio	25.00%	25.00%	25.00%	25.00%	25.00%
18	Assessed Value	\$ 18,809	\$ 31,192	\$ 57,368	\$ 95,541	\$ 133,739
20	Property Tax Rate	12.80%	12.80%	12.80%	12.80%	12.80%
22	Computed Property Tax	\$ 2,408	\$ 3,993	\$ 7,343	\$ 12,229	\$ 17,119

Red Rock Utilities, Inc. - Wastewater Division
Schedule for the Computation of Projected
Property Taxes for the Years Ended

Exhibit
Schedule 2b
Page 1

Line No.		Year				
		1	2	3	4	5
3	Revenue Component 1	\$ 61,249	\$ 61,249	\$ 61,249	\$ 178,358	\$ 300,710
4	Revenue Component 2	61,249	61,249	178,358	300,710	438,939
5	Revenue Component 3	61,249	178,358	300,710	438,939	582,413
7	Average 3 years of revenue	\$ 61,249	\$ 100,285	\$ 180,105	\$ 306,002	\$ 440,687
8	Add:					
9	Construction Work in Progress at 10%	0	0	0	0	0
10	Deduct:					
11	Book Value of Transportation Equipment	0	0	0	0	0
13	Full Cash Value	\$ 61,249	\$ 100,285	\$ 180,105	\$ 306,002	\$ 440,687
16	Times Assessment Ratio	25.00%	25.00%	25.00%	25.00%	25.00%
18	Assessed Value	\$ 15,312	\$ 25,071	\$ 45,026	\$ 76,501	\$ 110,172
20	Property Tax Rate	12.80%	12.80%	12.80%	12.80%	12.80%
22	Computed Property Tax	\$ 1,960	\$ 3,209	\$ 5,763	\$ 9,792	\$ 14,102

Red Rock Utilities, Inc. - Water Division
Schedule of Projected Revenues
For the Years Ended

Exhibit
Schedule 2a
Page 1

Line

No.

		Year				
		<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
3	<u>Residential</u>					
4	5/8 Inch	\$ 68,112	\$ 176,230	\$ 307,215	\$ 448,708	\$ 595,124
6	<u>Commercial</u>					
7	5/8 Inch	436	1,258	2,080	2,902	3,724
8	1 Inch	850	2,500	4,150	5,800	7,450
9	2 Inch	-	-	-	-	-
11	<u>Irrigation</u>	5,838	39,331	66,936	66,936	66,936
13	<u>School 2 Inch</u>	-	4,510	8,970	8,970	8,970
17	Total	\$ 75,236	\$ 223,830	\$ 389,351	\$ 533,316	\$ 682,204

Red Rock Utilities, Inc. - Water Division
Customer Counts
For Projected Years Ended

Exhibit
Schedule 2a
Page 2

Line No.		Year				
	<u>Year Ended</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
1						
2	<u>Residential</u>					
3	5/8 Inch	230	430	680	950	1,220
4						
5	<u>Commercial</u>					
6	5/8 Inch	1	2	3	4	5
7	1 Inch	1	2	3	4	5
8	2 Inch	-	-	-	-	-
9						
10	<u>Irrigation</u>					
11						
12	School 2 Inch	-	1	1	1	1
13						
14						
15						
16	Total	232	435	687	959	1,231
17						
18						
19						
20	1/2 Year Convention					
21	<u>Year Ended</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
22	<u>Residential</u>					
23	5/8 Inch	115.00	330.00	555.00	815.00	1,085.00
24						
25	<u>Commercial</u>					
26	5/8 Inch	0.50	1.50	2.50	3.50	4.50
27	1 Inch	0.50	1.50	2.50	3.50	4.50
28	2 Inch	-	-	-	-	-
29						
30	<u>Irrigation</u>					
31	3/4 Inch	0.50	1.00	1.00	1.00	1.00
32	1 Inch	0.50	1.50	2.00	2.00	2.00
33	2 Inch	-	1.00	2.00	2.00	2.00
34						
35	School 2 Inch	-	0.50	1.00	1.00	1.00
36						
37						
38						
39	Total	117.00	337.00	566.00	828.00	1,100.00
40						
41						

Red Rock Utilities, Inc. - Water Division
Gallons Sold (1,000's)
For Projected Years Ended

Exhibit
Schedule 2a
Page 3

Line No.		Year				
	<u>Year Ended</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
1						
2	<u>Residential</u>					
3	5/8 Inch	10,488	30,096	50,616	74,328	98,952
4						
5	<u>Commercial</u>					
6	5/8 Inch	90	270	450	630	810
7	1 Inch	150	450	750	1,050	1,350
8	2 Inch	-	-	-	-	-
9						
10	<u>Irrigation</u>					
11	3/4 Inch	648	1,296	1,296	1,296	1,296
12	1 Inch	1,080	3,240	4,320	4,320	4,320
13	2 Inch	-	6,912	13,824	13,824	13,824
14						
15	<u>School 2 Inch</u>	-	1,050	2,100	2,100	2,100
16						
17						
18						
19						
20	Total	12,456	43,314	73,356	97,548	122,652
21						
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Red Rock Utilities, Inc. - Water Division
Schedule of Projected Revenues
For the Years Ended

Exhibit
Schedule 2a
Page 4

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Projected Customers / Residential 5/8 Inch Meter

	Year				
	1	2	3	4	5
Estimated connections installed by year end (Cumulative)	230	430	680	950	1,220
Estimated connection installed during the year	230	200	250	270	270
1/2 Year Convention for Revenue	115.00	330.00	555.00	815.00	1,085.00

Projected Revenue

Annual gallonage delivered (in 1,000's)			10,488	30,096	50,616	74,328	98,952
Assuming average usage per month of:	7,600						
Daily Gallons			29,133	83,600	140,600	206,467	274,867
Residential:							
Monthly Mins.	\$ 25.00	Minimum Charge	\$ 34,500	\$ 99,000	\$ 166,500	\$ 244,500	\$ 325,500
Commodity Rev.	-	Gals. in minimum	27,862	72,230	134,465	197,458	262,874
	\$ 2.40	Charge per/1,000					
		up to 5,000 gals					
	\$ 3.15	Charge per/1,000					
		Over 5,000 gals					
Establishment Fees at	\$ 25.00		\$ 5,750	\$ 5,000	\$ 6,250	\$ 6,750	\$ 6,750
Total Revenue			\$ 68,112	\$ 176,230	\$ 307,215	\$ 448,708	\$ 595,124

Red Rock Utilities, Inc. - Water Division
Schedule of Projected Revenues
For the Years Ended

Exhibit
Schedule 2a
Page 5

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Projected Customers / School 2 Inch Meter:

	Year				
	1	2	3	4	5
Estimated connections installed by year end (Cumulative)	-	1	1	1	1
Estimated connection installed during the year	-	1	-	-	-
1/2 Year Convention for Revenue	-	0.50	1.00	1.00	1.00

Projected Revenue

Annual gallonage delivered (in 1,000's)	-	1,050	2,100	2,100	2,100
Assuming average usage per month of:					
Daily Gallons	-	2,917	5,833	5,833	5,833
School:					
Monthly Mins. 2 Inch Meter \$ 200.00 Minimum Charge	\$ -	\$ 1,200	\$ 2,400	\$ 2,400	\$ 2,400
Commodity Rev. - Gals. in minimum	-	3,285	6,570	6,570	6,570
\$ 2.40 Charge per/1,000					
up to 5,000 gals					
\$ 3.15 Charge per/1,000					
Over 5,000 gals					
Establishment Fees at \$ 25.00	\$ -	\$ 25	\$ -	\$ -	\$ -
Total Revenue	\$ -	\$ 4,510	\$ 8,970	\$ 8,970	\$ 8,970

Red Rock Utilities, Inc. - Water Division
Schedule of Projected Revenues
For the Years Ended

Exhibit
Schedule 2a
Page 6

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Projected Customers / Commercial 5/8 Inch Meter

	Year				
	1	2	3	4	5
Estimated connections installed by year end (Cumulative)	1	2	3	4	5
Estimated connection installed during the year	1	1	1	1	1
1/2 Year Convention for Revenue	0.50	1.50	2.50	3.50	4.50

Projected Revenue

Annual gallonage delivered (in 1,000's)				90	270	450	630	810
Assuming average usage per month of:				15,000				
Daily Gallons				250	750	1,250	1,750	2,250
Commercial								
Monthly Mins. 5/8 Inch Meter	\$	25.00	Minimum Charge	\$ 150	\$ 450	\$ 750	\$ 1,050	\$ 1,350
Commodity Rev.		-	Gals. in minimum	261	783	1,305	1,827	2,349
	\$	2.40	Charge per/1,000					
			up to 5,000 gals					
	\$	3.15	Charge per/1,000					
			Over 5,000 gals					
Establishment Fees at				\$ 25.00	\$ 25	\$ 25	\$ 25	\$ 25
Total Revenue				\$ 436	\$ 1,258	\$ 2,080	\$ 2,902	\$ 3,724

Red Rock Utilities, Inc. - Water Division
Schedule of Projected Revenues
For the Years Ended

Exhibit
Schedule 2a
Page 7

Line

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Projected Customers / Commercial 1 Inch Meter

	Year				
	1	2	3	4	5
Estimated connections installed by year end (Cumulative)	1	2	3	4	5
Estimated connection installed during the year	1	1	1	1	1
1/2 Year Convention for Revenue	0.50	1.50	2.50	3.50	4.50

Projected Revenue

Annual gallonage delivered (in 1,000's)			150	450	750	1,050	1,350
Assuming average usage per month of:	25,000						
Daily Gallons			417	1,250	2,083	2,917	3,750
Commercial							
Monthly Mins. 1 Inch Meter	\$ 62.50	Minimum Charge	\$ 375	\$ 1,125	\$ 1,875	\$ 2,625	\$ 3,375
Commodity Rev.	-	Gals. in minimum	450	1,350	2,250	3,150	4,050
	\$ 2.40	Charge per/1,000					
		up to 5,000 gals					
	\$ 3.15	Charge per/1,000					
		Over 5,000 gals					
Establishment Fees at	\$ 25.00		\$ 25	\$ 25	\$ 25	\$ 25	\$ 25
Total Revenue			\$ 850	\$ 2,500	\$ 4,150	\$ 5,800	\$ 7,450

Red Rock Utilities, Inc. - Water Division
Schedule of Projected Revenues
For the Years Ended

Exhibit
Schedule 2a
Page 8

Line

No.

Projected Customers / Irrigation 3/4 Inch Meter

	Year				
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
Estimated connections installed by year end (Cumulative)	1	1	1	1	1
Estimated connection installed during the year	1	-	-	-	-
1/2 Year Convention for Revenue	0.50	1.00	1.00	1.00	1.00

Projected Revenue

14	Annual gallonage delivered (in 1,000's)			648	1,296	1,296	1,296	1,296		
15	Assuming average usage per month of:			108,000						
16	Daily Gallons			1,800	3,600	3,600	3,600	3,600		
17	Commecial									
18	Monthly Mins. 1 Inch Meter	\$	25.00	Minimum Charge	\$	150	\$	300	\$	300
19	Commodity Rev.		-	Gals. in minimum	1,951	3,902	3,902	3,902	3,902	
20		\$	2.40	Charge per/1,000						
21				up to 20,000 gals						
22		\$	3.15	Charge per/1,000						
23				Over 20,000 gals						
24										
25	Establishment Fees at		\$	25.00	\$	25	\$	-	\$	-
26	Total Revenue				\$	2,126	\$	4,202	\$	4,202

Red Rock Utilities, Inc. - Water Division
Schedule of Projected Revenues
For the Years Ended

Exhibit
Schedule 2a
Page 9

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Projected Customers / Irrigation 1 Inch Meter

	Year				
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
Estimated connections installed by year end (Cumulative)	1	2	2	2	2
Estimated connection installed during the year	1	1	-	-	-
1/2 Year Convention for Revenue	0.50	1.50	2.00	2.00	2.00

Projected Revenue

Annual gallonage delivered (in 1,000's)			1,080	3,240	4,320	4,320	4,320
Assuming average usage per month of:	180,000						
Daily Gallons			3,000	9,000	12,000	12,000	12,000
Commercial							
Monthly Mins. 1 Inch Meter	\$ 62.50	Minimum Charge	\$ 375	\$ 1,125	\$ 1,500	\$ 1,500	\$ 1,500
Commodity Rev.	-	Gals. in minimum	3,312	9,936	13,248	13,248	13,248
	\$ 2.40	Charge per/1,000					
		up to 20,000 gals					
	\$ 3.15	Charge per/1,000					
		Over 20,000 gals					
Establishment Fees at	\$ 25.00		\$ 25	\$ 25	\$ -	\$ -	\$ -
Total Revenue			\$ 3,712	\$ 11,086	\$ 14,748	\$ 14,748	\$ 14,748

Red Rock Utilities, Inc. - Water Division
Schedule of Projected Revenues
For the Years Ended

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Projected Customers / Irrigation 1 Inch Meter

	Year				
	1	2	3	4	5
Estimated connections installed by year end (Cumulative)	-	2	2	2	2
Estimated connection installed during the year	-	2	-	-	-
1/2 Year Convention for Revenue	-	1.00	2.00	2.00	2.00

Projected Revenue

Annual gallonage delivered (in 1,000's)	-	6,912	13,824	13,824	13,824
Assuming average usage per month of:					
Daily Gallons	-	19,200	38,400	38,400	38,400
Commercial					
Monthly Mins. 1 Inch Meter \$ 200.00 Minimum Charge	\$ -	\$ 2,400	\$ 4,800	\$ 4,800	\$ 4,800
Commodity Rev. - Gals. in minimum	-	21,593	43,186	43,186	43,186
\$ 2.40 Charge per/1,000					
up to 20,000 gals					
\$ 3.15 Charge per/1,000					
Over 20,000 gals					
Establishment Fees at \$ 25.00	\$ -	\$ 50	\$ -	\$ -	\$ -
Total Revenue	\$ -	\$ 24,043	\$ 47,986	\$ 47,986	\$ 47,986

Red Rock Utilities, Inc. - Wastewater Division
Schedule of Projected Revenues
For the Years Ended

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Schedule 2a
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Line No.		Year				
		<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
3	<u>Residential</u>					
4	5/8 Inch	\$ 54,510	\$ 156,420	\$ 263,070	\$ 386,310	\$ 514,290
6	<u>Commercial</u>					
7	5/8 Inch	237	711	1,185	1,659	2,133
8	1 Inch	593	1,778	2,963	4,148	5,333
9	2 Inch	-	-	-	-	-
11	<u>Effluent</u>	5,910	17,553	29,700	43,031	56,865
13	<u>School 2 Inch</u>	-	1,896	3,792	3,792	3,792
17	Total	\$ 61,249	\$ 178,358	\$ 300,710	\$ 438,939	\$ 582,413

(*) Collected only if customer is sewer only.

Red Rock Utilities, Inc. - Wastewater Division
Customer Counts
For Projected Years Ended

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	<u>Year</u>				
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
<u>Year Ended</u>					
<u>Residential</u>					
5/8 Inch	230	430	680	950	1,220
<u>Commercial</u>					
5/8 Inch	1	2	3	4	5
1 Inch	1	2	3	4	5
2 Inch	-	-	-	-	-
<u>Irrigation</u>					
School 2 Inch	-	1	1	1	1
Total	232	435	687	959	1,231

1/2 Year Convention					
<u>Year Ended</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
<u>Residential</u>					
5/8 Inch	115.00	330.00	555.00	815.00	1,085.00
<u>Commercial</u>					
5/8 Inch	0.50	1.50	2.50	3.50	4.50
1 Inch	0.50	1.50	2.50	3.50	4.50
2 Inch	-	-	-	-	-
<u>Irrigation</u>					
School 2 Inch	-	0.50	1.00	1.00	1.00
Total	116.00	333.50	561.00	823.00	1,095.00

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*Flow through factor 0.6

** Not collected if sewer customer is also taking water service.

Red Rock Utilities, Inc. - Wastewater Division
Schedule of Projected Revenues
For the Years Ended

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Projected Customers / School 2 Inch Meter:

	Year				
	1	2	3	4	5
Estimated connections installed by year end					
(Cumulative)	-	1	1	1	1
Estimated connection installed during the year	-	1	-	-	-
1/2 Year Convention for Revenue	-	0.50	1.00	1.00	1.00

Projected Revenue

Annual gallonage delivered (in 1,000's)*	Flow through factor	0.6	-	630	1,260	1,260	1,260	1,260
Assuming average usage per month of:	175,000		-	1,750	3,500	3,500	3,500	3,500
Daily Gallons			-	1,750	3,500	3,500	3,500	3,500
School:								
Monthly Mins. 2 Inch Meter	\$ 316.00	Minimum Charge	\$ -	\$ 1,896	\$ 3,792	\$ 3,792	\$ 3,792	\$ 3,792

Establishment Fees at	\$ -	**	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue			\$ -	\$ 1,896	\$ 3,792	\$ 3,792	\$ 3,792	\$ 3,792

*Flow through factor 0.6

** Not collected if sewer customer is also taking water service.

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Schedule 2a
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Line
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Red Rock Utilities, Inc. - Wastewater Division
Schedule of Projected Revenues
For the Years Ended

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Projected Customers / Commercial 1 Inch Meter

	Year				
	1	2	3	4	5
Estimated connections installed by year end (Cumulative)	1	2	3	4	5
Estimated connection installed during the year	1	1	1	1	1
1/2 Year Convention for Revenue	0.50	1.50	2.50	3.50	4.50

Projected Revenue

Annual gallonage delivered (in 1,000's)*	Flow through factor	0.6	72	216	360	504	648
Assuming average usage per month of:	20,000						
Daily Gallons			200	600	1,000	1,400	1,800
Commercial							
Monthly Mins. 1 Inch Meter	\$ 98.75	Minimum Charge	\$ 593	\$ 1,778	\$ 2,963	\$ 4,148	\$ 5,333

Establishment Fees at	\$ - **	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue		\$ 593	\$ 1,778	\$ 2,963	\$ 4,148	\$ 5,333	

*Flow through factor 0.6

** Not collected if sewer customer is also taking water service.

Red Rock Utilities, Inc. - Wastewater Division
Schedule of Projected Revenues
For the Years Ended

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Schedule 2a
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Year					
1	2	3	4	5	
Projected Revenue					
Annual gallonage delivered (in 1,000's)*	6,419	19,066	32,260	46,739	61,765
Annual gallonage delivered (in Acre Feet)*	20	59	99	143	190
Residential:					
Charge per Acre Foot \$ 300.00	\$ 5,910	\$ 17,553	\$ 29,700	\$ 43,031	\$ 56,865
Total Residential Revenue	<u>\$ 5,910</u>	<u>\$ 17,553</u>	<u>\$ 29,700</u>	<u>\$ 43,031</u>	<u>\$ 56,865</u>

*Flow through factor 0

** Not collected if sewer customer is also taking water service.

\$	94,238
	353,392
\$	<u>447,630</u>

Red Rock Utilities, Inc. - Wastewater Division

Plant
Projected Years

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Schedule 1a
Page 1
Witness: Bourassa

Line No.	Account	Description	AIAC Spread	Depreciation Rate	Estimate	Engineering Permits, Etc.	Gross Amt	Additions	Depreciation*	Balance	A/D Balance
					\$		\$	\$	\$	\$	\$
1	351	Organization		0.00%	15,000		15,000			15,000	-
2	352	Franchises		0.00%							-
3	353	Land and Land Rights		0.00%	75,000		75,000	75,000		75,000	-
4	354	Structures and Improvements		3.33%							-
5	355	Power Generation Equipment		5.00%							-
6	356	Collection sewers - Force		2.00%							-
7	357	Collection Sewers - Gravity (AIAC)		2.00%	245,980	84,125	330,105	330,105	3,301	330,105	3,301
8	358	Special Collecting Structures		2.00%							-
9	359	Services to customers	100.00%	2.00%	172,500	58,995	231,495	231,495	2,315	231,495	2,315
10	360	Flow measuring Devices		10.00%							-
11	361	Flow measuring Installations		10.00%							-
12	362	Reuse Services		2.00%							-
13	363	Reuse Meters and Meter Install		8.33%							-
14	364	Receiving Walls		3.33%							-
15	365	Pumping Equipment		12.50%							-
16	366	Reuse Distribution Reservoirs		2.50%	95,000	32,490	127,490	127,490	1,594	127,490	1,594
17	367	Reuse Transmission and Distrib		2.50%	155,000	53,010	208,010	208,010	2,600	208,010	2,600
18	368	Treatment and Disposal Equipment*		5.00%	3,000,000	1,026,001	4,026,001	4,026,001	23,351	4,026,001	23,351
19	369	Plant Sewers		5.00%							-
20	370	Outfall Sewer Lines		3.33%							-
21	371	Other Plant and Miscellaneous		6.67%							-
22	372	Office Furniture and Equipment		6.67%							-
23	373	Transportation Equipment		20.00%							-
24	374	Stores Equipment		4.00%							-
25	375	Tools, Shop and Garage Equipme		5.00%							-
26	376	Laboratory Equipment		10.00%							-
27	377	Power Operated Equipment		5.00%							-
28	378	Communication Equipment		10.00%							-
29	379	Miscellaneous Equipment		10.00%							-
30	380	Other Tangible Plant		10.00%							-
31	381	Totals			\$ 3,758,480	\$ 1,254,621	\$ 5,013,101	\$ 5,013,101	\$ 33,161	\$ 5,013,101	\$ 33,161
32	382	Composite Rate with 1/2 yr convention							0.66%		
33	383	Licenses, Taxes, Permits			\$ 264,131						
34	384	Engineering and Contingency			990,490						
35	385	Total			\$ 1,254,621						
36	386	*Capacity Adjustment to Depreciation Expense -									
37	387	380 Treatment Plant (Requires an Accounting Order)			232						
38	388	Customer connections			1,000						
39	389	Capacity (in customer connections)			0.2320						
40	390	Capacity Factor			0.0000						